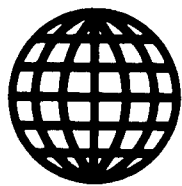


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No 13, 1 JULY 1987

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CHINA

RED FLAG

No 13, 1 July 1987

[Translation of the semimonthly theoretical journal HONGQI of the Central Committee of the Communist Party of China published in Beijing.]

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ON THE REFORM OF PARTY AND STATE LEADERSHIP SYSTEMS (18 AUGUST 1980)

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 pp 2-12

[Speech by Deng Xiaoping at an enlarged meeting of the Political Bureau of the CPC Central Committee which discussed and approved it on 31 August 1980]

[Text] Comrades: The main topic to be discussed in this enlarged meeting is the reform of the party and state leadership system and some problems relating to this reform.

I

The reshuffle of the leading members of the State Council will be one of the chief items on the agenda of the coming Third Session of the Fifth NPC. This reshuffle will result in Comrade Hua Guofeng being dismissed from his concurrent post of premier, which will be taken up by Comrade Zhao Ziyang; Comrades Li Xiannian, Chen Yun, Xu Xiangqian, Wang Zhen, and myself being dismissed from our concurrent posts of vice premiers, which will be taken over by comrades with more energy; and Comrade Wang Renzhong also being dismissed from his concurrent post as vice premier because he has been appointed to an important post in the party. The Central Committee has decided to approve Comrade Chen Yonggui's application for resignation from his post as a vice premier. We will also propose, after consulting with relevant people, some reshuffles related to the posts of NPC vice chairmen and CPPCC National Committee vice chairmen. The Standing Committee of the CPC Central Committee Political Bureau has discussed this matter time and again. Now the committee will put forward a formal proposal in the name of the CPC Central Committee for the NPC and CPPCC sessions to discuss this matter and make their decisions.

Why does the Central Committee decide the reshuffle of responsible persons of the State Council?

The first reason for this decision is that our power should not be over-centralized. Overcentralization of power impedes the implementation of our socialist democracy and the party's democratic centralism. It also hinders the development of our socialist construction and blocks the way for collective wisdom to play its role. This will lead to the malpractice of people acting arbitrarily as individuals and make it impossible for collective leadership to work. Thus it constitutes one of the major causes that give rise to bureaucracy in the new conditions.

Our second reason is that a person should not undertake too many posts concurrently. A man has but limited knowledge, experience, and energy; therefore, if he holds too many jobs concurrently, it will be very hard for him to carry out his work in depth. Furthermore, this blocks the way for appointing a greater number of more appropriate people to be responsible for the leadership work.

A third reason is that we are tackling the problems of confusing the party with the government and substituting the party for the government. When some of the major leading comrades of the Central Committee are freed from their concurrent posts in the government, they will be able to concentrate their energy on dealing with matters related to the party, the line, the principles, and policies. This will facilitate the strengthening and improvement of the unified leadership of the Central Committee and the establishment of a powerful work system of our government which can exercise its management from above level by level, in order to satisfactorily discharge the responsibility within the scope of the government.

The fourth reason is that we want to solve the problem related to handing over the leadership power to our successors in view of our long-term interests. Our old comrades are a valuable treasure for our party and state and they are shouldered with heavy responsibilities. However, the task of first priority for them is to help our party organizations correctly select successors. This is a solemn task. Letting young comrades take up posts at the first line and appointing old comrades to satisfactorily act as their advisers and support their work is a major strategic measure to maintain the continuity and stability of the correct leadership of our party and government.

These decisions of the Central Committee are aimed at carrying out necessary reform in the leadership system of our party and state. The Central Committee has taken a first step toward this by deciding to set up a Secretariat in its fifth plenary session. This Secretariat has done its work effectively since its establishment. The reshuffle of the leading members of the State Council will be a first step toward improving the leadership system of our government. In order to meet the demand of the socialist modernization, in order to meet the needs resulting from the democratization of the political life of the party and state, and in order to develop favorable factors and remove unfavorable factors, it is still necessary for us to carry out reform in many aspects of the leadership and other systems of our party and state. We should continuously sum up our historical experience, carry out deep-going investigation and study, solicit and collect correct opinions, and vigorously and systematically continue to carry out reform in both our central and local organizations.

## II

The reform in the leadership and other systems of our party and state is aimed at giving full play to the superiority of the socialist system and speeding up the development of our socialist modernization.

In order to give full play to the superiority of our socialist system, at present and in a time to come, we should strive to satisfy the following three requirements: 1) In the economic field, we should quickly develop the productive force of the society and gradually improve our people's material and cultural standard of living; 2) in the political field, we should fully develop our people's democracy and ensure that all our people really enjoy the power to manage our country through various effective means, particularly, to manage the basic-level local government and the various enterprises and institutions and that they enjoy all their rights as citizens. At the same time, we should perfect our revolutionary legal system, correctly handle the contradictions among the people, deal blows at all antagonistic forces and criminal activities, give play to the initiative of the masses of people, and consolidate and develop the lively political situation of stability and unity; 3) in order to achieve the above-mentioned two requirements, in the area related to our organizations, there is an urgent need to train, discover, promote, and employ for our socialist modernization a large number of people of ability who adhere to the four basic principles and are relatively young and professionally competent.

In carrying out our socialist modernization program, our aim is to economically catch up with developed capitalist countries, to politically create a democracy that is superior to and more realistic than that of the capitalist countries, and to train a larger number of more brilliant people of ability than that of those countries.

Some aspects of the above-mentioned three requirements can be satisfied in a short time, but others take a longer time to meet. However, since ours is a great socialist country, we can and must meet all these requirements. Therefore, we must judge whether or not the various systems of our party and state are satisfactory and perfect by the criterion of whether or not these systems facilitate meeting these three requirements.

Here, I should like to emphatically expound on the problem of giving play to the superiority of the socialist system in the aspect of organization, consciously renewing the leading organs of the party and government at all levels, and gradually achieving the aim of making our leaders younger and professionally competent.

For many years we failed to boldly promote and employ, under the prerequisite of adhering to the four basic principles, people of abilities who are younger, professionally competent, and practically experienced. During the "Great Cultural Revolution," a large number of our cadres were persecuted by Lin Biao and the "gang of four" and our work related to cadres was seriously undermined. This has given rise to the current situation whereby our leading cadres at all levels are universally aged. Our personnel problem is mainly a problem concerned with our organizational line. It is necessary to train a large number of new personnel. However, the chief task at present is to be good at discovering, promoting, and bravely breaking a rule to promote fine middle-aged and young cadres. This is an urgent objectively existing demand of the state modernization program. It is not a question put forward by some elderly comrades in a whimsical mood.

Some comrades worry that in promoting middle-aged and young cadres, we will perhaps promote some factionalists and even some elements who have engaged in beating, smashing, and looting. This is a reasonable worry. For even by now we have not yet satisfactorily reorganized the leading groups in some areas and departments. Therefore, it is possible that some factionalists will use the excuse of promoting middle-aged and young cadres to promote members of their factions. In a speech that I gave on 16 January this year, I said that we must not underestimate the remnant force of the "gang of four" in our organizations and ideology. In this area, we must be sober-minded. We must never promote anyone who began his career by following the Lin Biao and Jiang Qing cliques to rebel, who has a serious factionalist idea, or who is an element engaging in beating, smashing, and looting. We should resolutely dismiss all such people who have already been in leading posts. If we fail to be on our guard and allow these people to occupy our leading posts, play again their double-dealing tricks, strike their roots, build up their connections, and stay hidden in our ranks, they may cause inestimably great evils to us even though their number is small.

Some comrades say that it is better to promote cadres step by step. In 1975, I made such remarks aimed at the erroneous method practiced during the "Great Cultural Revolution." We must no longer promote our cadres like launching a rocket or helicopter. Our cadres should be promoted step by step. In a general sense, it would mean that our cadres should undergo a course of immersing themselves among the masses, have an intimate knowledge of their profession, accumulate experience, and withstand all trials and tribulations. However, we cannot stick to the old idea of promoting cadres by steps. The promotion of cadres must not be restricted to the steps of district, county, prefecture, and province, in which our party and government cadres are promoted at present. All trades and professions should have different kinds of grades, posts, and titles. Along with the development of our construction, we must also stipulate new requirements and methods for promoting cadres and utilizing people in different trades. Most of the posts and titles in the future should be provided and conferred on those who can pass the qualifying examinations. Only when we have smashed the outdated idea of promoting by grades and formulated new ideas that suit the new situation and task can we boldly break the rule in making promotions. Furthermore, we cannot go on further than just talking about either the new or old steps. It is imperative to earnestly promote to leading posts those outstanding middle-aged and young cadres as soon as possible. We cannot be hasty in promoting cadres. However, if we are too slow, we may delay the major work of the building of modernization. We have already delayed too much! We must provide a light and convenient ladder to those outstanding comrades so that they can be promoted by skipping the regular grades. We have proposed to transform the phenomenon of holding too many concurrent posts and overcentralization in power.

Our aim was to release more posts for the middle-aged and young comrades. How can they be promoted if the posts are all fully occupied? How can they be promoted if the vacant posts are not transferred to them?

Some comrades fear that the young people lack experience and are not competent. I think such worries are unnecessary. Experience, sufficient or not, is a

relative matter. To be frank, did not our veteran cadres lack experience in the new problems of building modernization and also committed some mistakes? Generally speaking, young people lack experience; this is true. However, I hope that you comrades will think it over. Were many of us, who are now senior cadres and handling major work, not 20-30 years old when we started? We should admit that the middle-aged and young comrades at present possess more knowledge than we did in those years. Although they lack experience in leadership work and undergoing the test of struggle, it is a result of objective conditions. It is because they did not have practical experience in specific work. If they are placed in a specific post, their work can be gradually improved. After liberation, there were 7-8 million students graduating from the institutions of higher learning and special secondary schools. Most of them were from workers' and peasants' families and were tempered for over 10 years. Those middle-aged and young cadres who did not receive education in institutions of higher learning and special secondary schools had practical experience although their educational level was a bit low. Provided we train them in a planned way, many of them can certainly become both Red and expert cadres. Moreover, there are large numbers of outstanding middle-aged and young talented people who have assiduously studied on their own. There are also many people of ability among the educated urban youth working in the countryside and mountain areas who went deep into the masses and studied hard. As a matter of fact, there are large numbers of middle-aged and young cadres who have become backbones working at various fronts. Compared with those cadres who stand high above the masses and who are unwilling to go to the grass-roots levels, they are more acquainted with the masses and reality. We rely mainly on them in most of our work. It is because they were not promoted and did not have the right in making decisions that many of the problems had to be reported time and again to the higher levels for instructions. This became one of the main sources of our bureaucratic practices. In a word, we must never underestimate this contingent of middle-aged and young cadres. Since the political quality of many of the middle-aged and young cadres is good, they are not factionalists, they have the correct way of thinking, and possess certain professional knowledge, why should we not select, promote and use them? Many of the enterprises and units have achieved quick results in letting the masses elect their cadres and letting cadres recommend themselves and voluntarily take on the responsibility of the work. This was much better than appointing cadres. Should we not wake up to the truth of these facts? There are fine middle-aged and young cadres everywhere. There are middle-aged and young cadres in all trades, professions, localities, and units, who were discontented, and positively or negatively resisted the practices of Lin Biao, Jiang Qing, and their followers, who politically behaved well and had professional knowledge, and were willing to work hard. The problem is we did not make any attempts to discover and promote them. We must also not desert those people who have genuine talent, and who were once deceived by Lin Biao, Jiang Qing, and their followers, and committed mistakes, but later became aware of their mistakes and corrected them. There are some comrades who only look upon and deal with the people around them, but are not willing to go deep into the masses to select talented people. This is also one of the bureaucratic practices.



We must draw lessons from the "Great Cultural Revolution," and at the same time we must be soberly aware that our country confronts the enormous task and situation of building modernization, and that large numbers of cadres cannot meet the actual demands of building modernization. Therefore, we must resolutely rectify the outlook of not judging problems from the long-term point of view.

We have the correct ideological, political, and organizational line. Provided we work with great courage and meticulous care, carry out thorough investigation and studies, and heed the wide range of opinions from the masses, we will certainly be able to promote large numbers of middle-aged and young cadres, ensure that our cause lacks no successors, and let the late-comers surpass the old-timers.

Comrade Chen Yun said that we must pay attention to both political integrity and ability in selecting cadres. With regard to political integrity, the most important thing is to adhere to the socialist road and party leadership. On this premise, the cadres' ranks should be more revolutionary, younger in average age, better educated, and more professionally competent. We must also institutionalize such a system in promoting and utilizing cadres. These opinions are very good. There are some comrades who did not pay attention to the younger cadre ranks, and did not attach importance to better education and the professional competence of cadre ranks. This is the evil results of the "leftist" ideology which existed in the intellectual problem for a long time in the past.

At present, the problem is that the organizational system in force and the method of thinking of a number of cadres are not advantageous to the promotion and utilization of talented people, which is urgently needed for the building of the four modernizations. I hope that the party committees and organizational departments at all levels will shift their ground on this matter, resolutely emancipate their minds, remove all sorts of obstacles, break with old conventions, have courage to reform the inappropriate organizational and personnel system, energetically train, discover, and utilize outstanding talented people, and resolutely fight against all practices that suppress and ruin talented people. After more than a decade's trial, the leading comrades and masses are quite clear of the political feature of the middle-aged and young comrades. Our elderly comrades are still alive, so by adopting the method of judging cadres from the top and lower levels, we will certainly be able to select the proper people. To be sure, this work should be carried out step by step, but we must not be too slow. If we miss the opportunity and start dealing with the problem when the elderly comrades pass away, it will be too late and the work will become more difficult than at present. It will then be a grave mistake committed by our elderly comrades.

### III

There still exist many defects and shortcomings in the concrete regulations of our party and state which seriously hindered the superiority of socialism. If they are not reformed in earnest, it will be impossible to meet the urgent

needs of building modernization and we will be seriously divorced from the masses.

The main defects in the leadership and cadre system of the party and state are the practices of bureaucratism, overcentralization of power, paternalism, leading comrades holding lifelong posts, and privileges of every description.

The practice of bureaucratism is a major problem that exists in a wide range in the political life of the party and state. Its principal manifestation and harm are as follows: standing high above the masses, abusing power, divorcing from the actual conditions and the masses, being fond of keeping up appearances and empty talk, rigid thinking, sticking to conventions, organizations being overstaffed, having more hands than needed, being dilatory in doing things, paying no attention to efficiency, not keeping promises, passing documents from one department to the other, shifting responsibility onto each other which leads to having bureaucratic airs, blaming people at every turn, retaliating, oppressing democracy, deceiving the superiors and deluding the subordinates, being imperious and despotic, practicing favoritism and resorting to bribery, corrupting and perverting the law, and so on. All these practices, whether in our internal affairs or international contacts, have reached an intolerable state.

Bureaucracy is a long-standing and complicated historical phenomenon. While bearing features common to bureaucracy in history, the bureaucratic phenomena existing in our country today also have their own characteristics, which differ from the bureaucracy of old China, as well as from the bureaucracy of capitalist countries. They are closely related to our long-standing adherence to the concept that the socialist system and planned administrative system must impose highly centralized control on the economic, political, cultural, and social fields. Our leading organizations at all levels must be engaged in too many matters, which they in fact should not have their hands in, or cannot handle properly, or simply cannot manage. All these things can in fact be handled smoothly by the lower levels, by enterprises, nonproductive institutions, and social service units themselves, strictly according to the procedure of democratic centralism and under the guidance laid down by certain rules and regulations. However, when all these things are covered by party and governmental leading organs, and the department directly under the central authorities, all of them become knotty problems. Nobody is so versatile as to handle all alone all these arduous and unfamiliar tasks. And all the current phenomena derived from our peculiar bureaucracy can be attributed to this general origin. Another origin of our bureaucracy lies in the fact that for a long time we have lacked some strict administrative regulations and personal responsibility system which stipulate the work procedure from the higher levels to the grass roots, and strict rules to clearly define the duties and the authorities of every organ and every individual. As a result, when faced with problems, minor or major, most people have no rules and regulations to follow. Usually they cannot independently handle what they are expected to handle and exhaust themselves in writing reports, asking for instructions, reading over, and conveying documents. Some people who are seriously influenced by selfish departmentalism even shift responsibilities onto others, scramble for power and interests, and always argue over trifles. Furthermore,

there is no system stipulating the regular recruitment, reward and punishment, retirement, resignation, and discharge of cadres. All cadres, whether they are or are not doing a good job, can keep their iron rice bowls, and will never be dismissed or downgraded once they are employed. Such circumstances will naturally lead to the overstaffing of organizations, create redundant levels, and bring about many positions of deputies, and lots of unoccupied staffers. An overstaffed organization will inevitably aggravate the bureaucracy. Therefore, it is necessary to thoroughly change these systems. Of course, bureaucracy also shows itself in the aspect of ideological styles. However, as long as the problem concerning systems remains unsolved, the problem concerning ideological style cannot be solved. That is why our efforts in opposing bureaucracy repeatedly failed to score results in the past. Solving the above-mentioned problem concerning systems needs a great deal of work, including strengthening education and waging ideological struggle, which are indispensable. Without completing these tasks, it is impossible to effectively push ahead our economic undertaking and other works.

Overcentralization of power is manifested in the following practice: Under the pretext of strengthening the unified leadership of the party, all authorities are inappropriately and indiscriminately centralized under party committees, and the power of party committees is in turn held in the hands of several secretaries, in particular in the hands of first secretaries. The first secretaries make decisions for everything. Consequently, the unified leadership of the party always becomes leadership by individuals. All levels throughout the country are faced with this problem to a different extent. As the authorities are overcentralized to individuals or a small number of people, the majority of people who are actually in charge of the affairs do not have the decisionmaking power, and a small number of people with power are overloaded with duties. This will inevitably lead to bureaucracy, bring about various mistakes, jeopardize the normal practice of democracy of party organizations and governments at all levels, the collective leadership system, democratic centralism, the responsibility system of division of labor for the individual, and so forth. These phenomena are related to the influence of feudal autocracy in the history of our country, as well as the tradition of a high degree of centralization of power to individual leaders in the party work of various countries which prevailed during the period of the Communist International. In the history of our party, undue emphasis was repeatedly placed on the centralized leadership of the party, and on the opposition to decentralism and to the assertion of one's independence. Meanwhile, we seldom emphasized the necessary decentralization of authority and decisionmaking power of the individual. In the past, several times we tried to divide power between the central authorities and the locality. However, we never touched the division of responsibilities between the party and the government, economic organizations, mass organizations, and so on. I do not oppose the emphasis on the centralized leadership of the party, nor negate centralized leadership for all cases and the necessity of opposition to decentralism and assertion of the individual's independence. After the party became the ruling party of our country, and particularly after the socialist transformation of the private ownership of the means of production was basically completed, the party had to undertake a central task different from that in the past. As

the task of building socialism is extremely arduous and complicated, over-centralization of power is more and more unadaptable to the development of the socialist cause. Our overlooking of this problem for a long period of time was one of the important causes of the "Great Cultural Revolution," which brought us enormous losses. Now we can no longer ignore this problem.

While giving rise to a high degree of centralization of power to the individual, paternalism within the revolutionary ranks helped the individual to dominate the organization, and turned the organization into the tool of the individual. Paternalism is an outmoded social phenomenon with a very long history whose influence caused tremendous damages in our party's history. Chen Duxiu (Chen Duxiu (1879-1942) was a native of Huaining in Anhui Province. He became the chief editor of YOUTH journal, later renamed NEW YOUTH, in September 1915. In 1918, he and Li Dazhao founded the journal MEIZHOU PINGLUN [WEEKLY COMMENTARY], by which he publicized a new culture and became one of the principal leaders of the May 4th new cultural movement. After the May 4th Movement, Chen Duxiu accepted and began to publicize Marxism and became one of the principal founders of the CPC. He remained the principal leader of the party during the first 6 years after the founding of the party. In the later period of the first revolutionary civil war, he committed serious rightist capitulationist mistakes. After that, being pessimistic and disappointed in the prospect of the revolution, he embraced the Trotskyite viewpoint, organized small groups within the party, and engaged in antiparty activities. In November 1929, he was expelled from the party, and publicly participated later in the activities of Trotskyite organizations. Chen was arrested by the Kuomintang in October 1932 and released in August 1937. He died of illness in Jiangjin, Sichuan Province, in 1942), Wang Ming (Wang Ming, alias Chen Shaoyu (1904-1974), was a native of Jinzhai in Anhui Province. Joining the CPC in 1924, he was appointed member of the CPC Central Committee, member of the Political Bureau of the CPC Central Committee, and secretary of the Changjiang River bureau of the CPC. He was the major representative of the erroneous line of "leftist" adventurism within the CPC during the period from January 1931 to January 1935 before the Zunyi meeting. In the initial period of the anti-Japanese war, Wang Ming again committed the rightist capitulationist mistake. Denying criticism and help by the party for a long time, Wang Ming degenerated into a traitor to the Chinese revolution in the 1960's), Zhang Guotao (Zhang Guotao (1897-1979) was a native of Pingxiang in Jiangxi Province. In 1921, he participated in the First CPC National Congress. He was then elected a member of the CPC Central Committee, the Political Bureau of the CPC Central Committee, and the Standing Committee of the Political Bureau. In 1931, he was appointed secretary of the central subbureau of the CPC in Hubei, Henan, and Anhui Provinces, vice chairman of the provisional central government of the soviet republic of China, and to other posts. He was appointed general political commissar of the Red Army after the 1st and the 4th Front Armies of the Red Army joined forces with each other in the Maogong area of Sichuan Province in June 1935. Taking objection to the central authorities' decision concerning the northward operation of the Red Army, Zhang Guotao engaged in activities to split the party as well as the Red Army and plotted to set up a new Central Committee of the party. He was forced to abolish the second Central Committee of the party in June 1936. And then he moved northward

together with the 2d and 4th Front Armies of the Red Army and arrived in northern Shaanxi in December. He held the posts of vice chairman and acting chairman of the government of the Shaanxi-Gansu-Ningxia border region since September 1937. In April 1938, taking advantage of the occasion of the memorial ceremony for Huangdi at his tomb, Zhang Guotao fled the Shaanxi-Gansu-Ningxia border region, and went to Wuhan via Xian. He joined the secret service of the Kuomintang and thus became traitor to the Chinese revolution, and was expelled from the CPC immediately. He died in Canada in 1979), and some others had promoted paternalism. From the Zunyi meeting to the socialist transformation period, the CPC central authorities and Comrade Mao Zedong did a relatively good job in upholding collective leadership and democratic centralism, and thus managed to maintain a relatively normal practice of democracy with the party. However, these fine traditions were not carried forward later and were never shaped into a strict and complete system. For example, when discussing important issues within the party, we often failed to thoroughly adhere to democratic procedure and have a full exchange of views, and decisions were usually made hastily by an individual or a small number of people. We seldom put issues to the vote according to the principle of the minority being subordinate to the majority. This showed that the democratic centralist practice had not yet been shaped into a strict system. Beginning with the criticism of opposition to adventurous advance in 1958 (based on the opinion of then Political Bureau of the CPC Central Committee, RENMIN RIBAO published an editorial entitled "It Is Necessary To Oppose Conservatism and Also Impetuosity" on 20 June 1956, pointing out that certain phenomena of impetuous and rash advance, going beyond the bounds of practical possibility, had appeared in the process of the vigorous development of the cause of socialist construction. In accordance with this spirit, stress was laid on correcting problems in this respect. At the enlarged Third Plenary Session of the Eighth Central Committee in the autumn of 1957, Mao Zedong in his speech started to criticize the 1956 drive against adventurous advance. At the Nanning conference in January 1958 and the Chengdu conference in March 1958, Mao Zedong went further in severely criticizing the 1956 opposition to adventurous advance. The 1958 criticism of opposition to adventurous advance brought about a rapid development of "leftist" ideology in the party), and the "antirightist" drive of 1959 (this refers to the struggle launched in 1959 against the so-called rightist opportunist line of Peng Dehuai. See item 17 of "Resolution of the CPC Central Committee on a Number of Problems in the History of the Party Since the Founding of the PRC"), democratic life in the party and state gradually became abnormal, and there was a continuous growth in phenomena of the patriarchal system such as one person alone having the say and deciding on major issues, personality cult, and the individual overriding the organization. Lin Biao preached the theory of "the peak," saying that Chairman Mao's words were supreme instructions; such an expression became extremely common in the whole party, the whole Army, and the whole country. After the "gang of four" was smashed, the personality cult was still practiced for a time. Commemorations of the other leaders were also sometimes tinged with personality cult.

The Central Committee recently issued instructions on some issues in practicing "less publicity for the individual," pointing out that these inappropriate ways of commemorating people not only caused extravagance and waste and

were divorced from the masses, but were also tinged with the idea that history is created by the individual; they do not help to carry out education in Marxism inside and outside the party or to sweep away the influences of feudal and bourgeois ideology. This instruction has also made some stipulations on correcting shortcomings of this type. This is a very important document. It should also be mentioned that after 1958 houses were built everywhere for Comrade Mao Zedong and other central comrades, and after the downfall of the "gang of four," surface construction work was undertaken at Zhongnanhai, which had a very bad effect and caused very great waste. Apart from that, certain high-ranking cadres, everywhere they go, either attend welcome or farewell banquets, or block traffic, or are given great publicity. These things are very improper. These serious instances of being divorced from the masses cannot be permitted to occur again, from the Central Committee right down to all levels.

In many places and units there are patriarchal-type figures; there is no limit to their power, and others have to show them absolute obedience and even form personal attachments with them. One of our organizational principles is that the lower levels must obey the upper, which means that the lower levels must carry out the decisions and instructions of the upper, but we cannot negate the relations of equality between party comrades on that account. Party members engaged in leadership work and ordinary party members must all treat each other as equals, and enjoy all their proper rights and carry out all their duties as equals. The upper levels cannot be insufferably arrogant toward the lower levels, and in particular cannot allow the lower levels to do things that violate the party Constitution and state laws; while the lower levels should not toady to and flatter the upper levels, obey them in an unprincipled way, and show "utmost loyalty." Relations between upper and lower levels should not turn into the cat-and-mouse relations criticized by Comrade Mao Zedong on many occasions, or into the relations between monarch and minister and father and son as in the old society, or into factional relations. The serious mistakes made by certain comrades are linked to this patriarchal-type work style surviving in the party. In short, unless we totally eliminate this patriarchal-type work style, there can be no question whatever of democracy in the party or socialist democracy.

The formation of the lifelong tenure system for leading cadres is related to a certain degree to feudalist influences and also to the fact that our party has never had a proper method for retirement and relieving people of their duty. During the years of revolutionary war everyone was relatively young, and in the 1950's everyone was in the prime of life, and there was no retirement problem; however it was a mistake that the issue has never been solved in good time. It should be acknowledged that under the specific historical conditions at the time, this problem could not be solved, or not completely solved. The draft of the party Constitution discussed by the fifth plenary session proposes abolishing the lifelong tenure system for cadres; as I see it now, this should be further revised and supplemented. The key lies in putting on a sound basis the systems of electing, examining, appointing and dismissing, impeaching, and rotating the cadres. Appropriate and specific regulations should be laid down according to the circumstances

governing the length of office of leading cadres of all categories and at all levels (including those elected, those assigned, and those recruited), together with their retirement. No leading cadres should have an indefinite term of office.

During the "Great Cultural Revolution," Lin Biao and the "gang of four" went in for special powers in a big way, bringing great calamity on the masses. At present there are also some cadres who, instead of regarding themselves as servants of the people, see themselves as their masters and pursue special powers and privileges; this causes strong discontent among the masses and ruins the party's prestige.

Unless these practices are resolutely corrected, they are bound to cause corruption of our cadre force. The special powers we oppose today mean political and economic powers not covered by the law and the system. Pursuing special powers is a sign that the remnant influences of feudalism have not yet been eliminated. From old China, we inherited many traditions of feudal autocracy and few traditions of democracy and the legal system. Since liberation, we have not conscientiously and systematically set up systems guaranteeing the people's democratic rights; the legal system is far from complete and is given little attention, and phenomena of special powers are sometimes restricted, criticized, and hit, and sometimes grow anew. To overcome the phenomena of special powers, it is necessary to solve the ideological questions of equal rights and duties stipulated by the law, and nobody is allowed to gain an advantage or break the law. No matter who breaks the law, he must be investigated by the public security organs according to the law, and handled by the judicial organs according to the law; nobody is allowed to interfere in the execution of the law, and nobody who has broken the law may remain at large. Nobody is allowed to violate the party Constitution and discipline, and anyone who does must be subjected to disciplinary punishment; nobody is allowed to interfere in the execution of party discipline, and nobody who had violated party discipline may remain at large without being subject to legal sanctions. Only by genuinely and resolutely succeeding in these respects can we completely solve the problems of pursuing special powers and violating law and discipline. There must be a system of mass supervision, and the masses and party members must be allowed to supervise the cadres, especially the leading cadres. In the case of those who pursue special powers and privileges and do not mend their ways after being criticized and educated, the people have the right to expose, accuse, impeach, replace, and dismiss them, demand that they make economic restitution, and also subject them to punishment by the law and discipline. It is necessary to lay down regulations governing the scope of powers of cadres of all levels and their political and daily life treatment. The most important thing is that there should be special organs exercising utterly impartial supervision and inspection.

The mistakes of all kinds that we made in the past were of course connected with the thinking and work style of certain leaders, but the problems in organizational and work systems were even more serious. If these systems are good, we can ensure that bad people are unable to act as tyrants at will; and if the systems are bad, it is impossible for good people to do

nothing but good things, and they may even take the wrong direction. Even such a great figure as Comrade Mao Zedong was seriously affected by certain bad systems, and the result was great calamity for the party, the state, and himself. If we today go on failing to put the socialist system on a sound basis, people will say, why is the socialist system unable to solve certain problems that the capitalist system has been able to solve? Although such a comparison is incomplete, we cannot fail to pay attention to it on that account. Stalin seriously damaged the socialist system; Comrade Mao Zedong said that such a thing could not have happened in Western countries such as Britain, France, and America. Although he understood this point, yet the 10-year catastrophe of the "Great Cultural Revolution" followed because the problems in the leadership system were not actually solved, and also on account of certain other reasons. This is an extremely profound lesson. I am not saying that the individual had no responsibility for what happened, but that the problems in leadership and organizational system are even more fundamental, all-round, unchanging, and protracted. These problems in the system are related to whether the party and state will change color; the whole party must attach a high degree of importance to them.

If we fail to resolutely reform the defects in our current systems, certain serious problems that occurred in the past may appear anew in the future. Only by carrying out resolute and total reform of these defects in a planned and measured way will the people have faith in our leadership and in the party and socialism, and will our cause enjoy boundless prospects.

When talking of the defects in our party and state leadership system, we cannot but touch on the mistakes made by Comrade Mao Zedong in his last years. The resolution on a number of problems in the history of the party since the founding of the state, which is now being drafted, will make a systematic exposition on Mao Zedong Thought and also a relatively all-round appraisal of Comrade Mao Zedong's merits and faults, including a criticism of his mistakes during the "Great Cultural Revolution." We communists are thoroughgoing materialists; we can only affirm in a truth-seeking way those things that should be affirmed and negate those things that should be negated. During his life Comrade Mao Zedong gained undying merit for our party, state, and people. His achievements are primary and his mistakes secondary. It is not a materialist approach to conceal his faults on account of his merits. Nor is it a materialist approach to negate his merits on account of his errors. The reason why the "Great Cultural Revolution" was erroneous and was defeated was precisely because it ran counter to the scientific principles of Mao Zedong Thought. The scientific principles of Mao Zedong Thought, which have been proven correct in the course of long testing in practice, not only guided us in winning victory in the past, but will also remain our guiding ideology for a long period of struggle in the future. It is incorrect to show any doubt or wavering over this important party principle; to do so runs counter to the fundamental interests of the Chinese people.



#### IV

Now I would like to talk about the problem of eliminating feudal and bourgeois ideological influence.

Various kinds of malpractices which I mentioned above have a more or less feudal coloration. Of course, the scope of the residual influence of feudalism is much wider, which includes the residual patriarchal mentality in social relations and hierarchy; certain unequal relations between the higher and lower levels on the one hand, and between the cadres and masses on the other; weak concepts on citizens' rights and duties; system and work style of certain "bureaucratic industry," "bureaucratic commerce," and "bureaucratic agriculture" in the economic field; undue stress on the administrative division and jurisdiction of areas and departments in economic work, which leads to restricting the activities of some areas and departments to a designated sphere and shifting troubles onto others. Sometimes, two socialist enterprises or two socialist regions might encounter difficulties when they make representations, and these difficulties can be avoided at the start. Some people practice autocracy in the cultural field. Some people do not admit the great importance of science and education concerning socialism and refuse to recognize the truth that without science and education, there will be no socialism. While dealing with foreign countries, some people follow a closed-door policy and adopt an attitude of parochial arrogance. With regard to patriarchal mentality, during the "Great Cultural Revolution," when a man became a mighty official, all his friends and relations got to the top. When a person had bad luck, all the members of his nine clans were adversely affected. The situation was very serious. Even now, the abominable practice of appointing people by favoritism and factionalism is still prevalent in some areas, departments, and units. Such a bad practice has not yet been corrected. Some cadres abuse their power in order to allow their relatives and friends to live and work in towns or cities or to promote them to higher positions. It is obvious that we should not neglect the pernicious influence of the patriarchal mentality. We should make great efforts to completely solve the above-mentioned problems.

We completed the new democratic revolution in 28 years. We did a successful and complete job in overthrowing the reactionary rule of feudalism and in eliminating the feudal land ownership system. However, due to the fact that we underestimated the importance of the task of eliminating the residual feudal influence in the ideological and political field, we did not complete this task. Thereafter, we entered the socialist revolution.

Now we should explicitly put forth the task of continuing to eliminate the residual feudal influence in the ideological and political field. In the meantime, we should carry out a series of reforms of the system. Otherwise, our country and people will suffer from losses.

To accomplish this task, we should adopt a scientific attitude of seeking truth from facts. We should make use of Marxism-Leninism-Mao Zedong Thought to specifically, accurately, and practically analyze the manifestations of

the pernicious influence of feudalism. First of all, we should draw a clear line of demarcation between socialism and feudalism. Nobody is allowed to oppose socialism on the pretext of opposing feudalism; neither is he allowed to pursue feudalism by using the stuff of the fake socialism advocated by the "gang of four." Furthermore, we should draw a clear line of demarcation between the democratic essence of our cultural heritage and the feudal dross. We should also draw a clear line of demarcation between the pernicious influence of feudalism and some of our unscientific methods which we adopted due to a lack of experience. We should avoid doing things like a gust of wind and regarding all things as feudal without making any analyses.

To the broad masses of cadres and people, eliminating the residual feudal influence should be regarded as drive of self-education and self-reform. Our purpose in doing so is to free ourselves from the pernicious influence of feudalism, to emancipate our minds, and to enhance our consciousness so that we will be able to satisfy the demands of the modernization and make contributions to the people, the society, and mankind. To eliminate the residual influence of feudalism, we should place our stress on truly reforming and improving the system of our party and state so as to ensure the democratization of the political life of the party and state, economic management, and the entire social life. To do so, we can promote the smooth progress of our modernization. To accomplish our task, we should conscientiously carry out study and investigation, compare the experiences of other countries with ours, and draw on collective wisdom and absorb all useful ideas so that we can formulate effective plans and adopt useful measures. We should not think that destruction comes first and that construction will come in the course of destruction. It should be clearly pointed out that we should not launch any political movement or propagate the movement of so-called opposing feudalism. We should not carry out a political campaign to criticize certain people as we did in the past. We are not allowed to direct the spearhead of attack on cadres and masses. Historical experiences have proved that we never succeed in solving ideological problems of the masses if we adopt the method of mass campaign rather than the methods of reasoning and discussion. We will never succeed in reforming the existing system and establishing the new one if we fail to adopt a down-to-earth manner and take the method of steady progress. In socialist society, the matter of solving ideological problems of the masses and reforming specific organizational and work systems is completely and entirely different from attacking counterrevolutionary elements and sabotaging the reactionary system during the revolutionary period.

While eliminating the residual feudal influence, we should not slacken our efforts or neglect criticism of the bourgeois and petty bourgeois ideology and repudiation of extreme individualism and anarchism. Whether the residual feudal influence is more serious than the bourgeois influence is determined by practical conditions in different areas and departments, different issues, and people with different ages, experiences, and education. We should not treat different matters as the same. In addition, our country was a semi-feudal and semicolonial society for more than a hundred years. Sometimes, feudal ideology, capitalist ideology, and the colonial slave ideology lump together, with one intermingling with another. In recent years, due to the

expansion of international contacts, some people have been influenced by the decadent bourgeois ideology and way of life of foreign countries. The practice of worshipping and having blind faith in things foreign has already occurred, and things will become more serious in the future. This is an important problem which we should solve conscientiously.

China is economically and culturally backward, but it is not backward in everything. Some foreign countries are advanced in science, technology, and management, but they are not advanced in everything. Our party and people fought a bloody battle to establish the socialist system. In spite of the fact that this system is not perfect and that it was sabotaged, it is much better than the capitalist system, in which the weak are the prey of the strong and some people benefit themselves at the expense of others. Our system is getting better and better because it can absorb the advanced factors of various countries in the world. It will become the best system in the world. This is the thing that capitalism can never do. We committed mistakes in the history of our socialist revolution and construction. If we lose faith in socialism and think that socialism is inferior to capitalism because of this, this is completely wrong. It is equally wrong if we think that we should propagate capitalist ideas in order to eliminate the residual influence of feudalism. We should thoroughly repudiate these erroneous ideas and never let them spread unchecked. We should advocate the principle of distribution according to work and admit material interests and strive for the material interests of the entire people. Everybody must have his own material interests. However, this does not mean that we encourage people to strive for their own material interests at the expense of the interests of the state, collective, and other people. We never encourage people to regard "money" as everything. Otherwise, what is the difference between socialism and capitalism? We always maintain that in the socialist society, the interests of the state, the collective, and individuals are basically identical. If there is a conflict, one's personal interests must be subordinated to the interests of the state and collective. When necessary, all revolutionary conscious and advanced elements should sacrifice their own interests in order to promote the interests of the state, collectives, and the people. We should do our best to propagate such lofty ethics among the whole people and youths.

In an attempt to go abroad or to make money, some youths, some children of cadres, and even some cadres themselves do not hesitate to sacrifice their personalities, the integrity of the state, and the national sense of self-respect by violating the law and discipline, engaging in smuggling activities, taking bribes, or engaging in speculation and profiteering. This is quite shameful. In the past 1 to 2 years, some obscene, dirty, salacious, and ugly photos, films, books, and magazines have been imported into the country through various channels. They corrupt our social values and some of our youths and cadres. If we allow this pestilence to spread unchecked, many people who do not have a strong will will be corrupted morally or degenerated spiritually. The party organizations at various levels should pay serious attention to this problem and adopt resolute and effective measures to ban and destroy them. Under no circumstances should we allow them to flow into the country continuously. In domestic economic work, the individuals, small cliques, and even enterprises and units distorting current economic policies

and engaging in various illegal activities by taking advantage of the loopholes in economic management have also increased to some extent. It is also necessary to be highly vigilant and to struggle resolutely against the criminals who engage in antisocialist illegal activities.

In short, it is necessary to integrate the work of eliminating the remnant influence of feudalism and the criticism of bourgeois ideas characterized by benefiting oneself at the expense of others and putting profit-making first and other corrupt ideas.

Naturally, it is also necessary to adopt a scientific attitude toward capitalist and bourgeois ideology. Some time in the past, in an effort to conduct education in revolutionary ideas, some localities again put forward the slogan of "fostering proletarian ideology and liquidating bourgeois ideology." I have read the relevant documents but did not notice any problems at that time. It now seems that this old slogan is neither sufficiently comprehensive nor accurate.

Due to their failure to conduct ample investigation and study, some comrades have criticized some reforms beneficial to the development of production and the socialist cause as if they were capitalist ones. This is incorrect. In order to avoid committing previous mistakes, it is quite necessary to continue to study the elements in bourgeois ideology which should be resolutely criticized and prevented from spreading, and the capitalist tendencies in our economic life which should be resolutely overcome, resisted, and correctly criticized, and then make appropriate stipulations about them.

## V

The CPC Central Committee has deliberated on many occasions the reform of the leadership system of the party and state. Some of the reforms have been implemented since the fifth plenary session, some will be put forward at the Third Session of the Fifth NPC, and specific measures for some others will be taken one after another when conditions are ripe. In addition to those mentioned above, we are now considering the question of gradually conducting the following major reforms:

1. The CPC Central Committee will propose to the Third Session of the Fifth NPC a revision of the Constitution. Our Constitution should be made more complete, well conceived, and accurate to ensure that the people truly enjoy the right to manage state organizations at various levels, enterprises, and institutions and to ensure the ample rights of citizens. Efforts should be made to ensure that the various nationalities truly practice regional national autonomy, to improve the system of people's congresses at various levels, and so on. The principle of not permitting overconcentration of power will also be reflected in the Constitution.

2. The CPC Central Committee has set up a Discipline Inspection Commission and is considering the setting up of an advisory commission (the name can be further considered), which, together with the Central Committee, are elected by the party's national congress with clear-cut stipulations regarding their

respective tasks, functions, and power. Thus, we can fully utilize the experiences of a large number of old comrades who formerly worked in the Central Committee and the State Council, and give scope to their guiding, supervisory, and advisory role. At the same time, we can also make the everyday working bodies of the Central Committee and the State Council more rational and efficient, and gradually make the ranks of the cadres younger in average age.

3. Truly set up a powerful working system from the State Council down to local governments at various levels. In the future, all work which comes within the scope of the functions and power of the government should be discussed and decided upon by the State Council and local governments at various levels, which will issue the relevant documents; the CPC Central Committee and local CPC committees at various levels will no longer issue instructions or make decisions on them. Government work, naturally, should be conducted under the political leadership of the party. When government work is strengthened, party leadership will also be strengthened.

4. All enterprises and institutions should set up extensively the system of workers' congresses or workers' representative conferences. This issue was decided long ago, and the issue now is to popularize and perfect this system. The workers' congress or workers' representative conference has the right to discuss and make decisions on major issues concerning its own unit, to propose to the higher authorities the dismissal of unqualified administrative leading personnel in its own unit, and gradually to elect leaders within the appropriate scope.

5. Party committees at various levels should truly institute the system of integrating collective leadership with the division of labor with individual responsibility. It is necessary to make clear which issues should be collectively discussed and which should come under individual responsibility.

Major issues must be discussed and decided upon by the collective. When making a decision, it is necessary to abide strictly by the principle that the minority is subordinate to the majority, with each person having one vote. Each secretary only has the right to cast one vote; the first secretary should not decide everything. The work decided upon by the collective should be carried out separately, with each person having his own responsibility; under no circumstances should we shift responsibility among one another. It is necessary to investigate and affix the responsibility of those who neglect their duties. There should be a head even in collective leadership. The first secretaries of party committees at various levels should be responsible primarily for the daily work. It is necessary to emphasize individual responsibility among the other members of the party committees. We should promote the practice of leading cadres being brave in shouldering responsibilities. This is entirely different from changing the system of making arbitrary decisions, and these two questions should not be mixed up.

I ask you to discuss and study the above-mentioned five points, conscientiously and amply airing your views, including differing views. With

respect to some questions, after the CPC Central Committee has made a decision on them in principle, it is still necessary to conduct experiments in order to gain experience and to pool collective wisdom. We will solve the questions one by one when the conditions are ripe. Respectively, the CPC Central Committee makes official decisions on them, formulates well-conceived and feasible systems and regulations which will work for a considerably long period of time, and puts them into effect step by step. Before the CPC Central Committee formulates and officially issues new systems and regulations, the work on various aspects should still be carried out according to the existing systems.

In reforming the leadership system of the party and state, we do not aim at weakening party leadership and slackening party discipline, but at abiding by and strengthening party leadership and party discipline. In a great country like China, it would be impossible to unify the ideas and strength of several hundred million people for building socialism without a party which can truly represent and unite the masses of people and which is formed by party members with a high degree of consciousness, discipline, and the spirit of self-sacrifice and without the unified leadership of such a party. It will only result in disunity and nothing will be accomplished. This is a truth which the people of all nationalities throughout the country have profoundly understood through protracted struggle and practice. The unity of our people, the stability of our society, the development of democracy, the reunification of our country rely on the leadership of the party. The kernel of the four basic principles is to abide by the leadership of the party. The issue is that our party should be good at leadership; only by constantly improving leadership is it possible to strengthen leadership.

The extremely arduous and complicated task of socialist modernization lies before us. A lot of old problems constantly need to be solved and, what is more, new problems are emerging one after another. Only by closely relying on the masses, maintaining close contacts with them, listening to their voice at all times, understanding their sentiments, and representing their interests will it be possible for our party to form a powerful force and successfully accomplish all our tasks. There are now numerous ideological problems among the masses which should be solved, and this applies to the ideological problems within the party. It is absolutely necessary for us to place ideological and political work at a very important position and conscientiously do a good job of them, never slackening our efforts. It is necessary for party committees and leading cadres at various levels and for all party members to do this work. They should do the work in accordance with the special characteristics of these problems and in a meticulous and deep-going way so that the masses are happy to receive the education.

What is most important is that if it is necessary to mobilize the masses to do something, all party members, particularly those assuming leading posts, should take the lead in doing so. Therefore, in order to do a good job of ideological and political work, it is also necessary to improve party leadership and the leadership system of the party.

Comrades! Reforming and perfecting various systems of the party and state is an arduous and protracted task; the key to achieving this task lies in reforming and perfecting the leadership system of the party and state. We should have an ample understanding of this point. Comrade Mao Zedong and other revolutionaries of the older generation who passed away have not been able to accomplish this task. This load has now been placed on our shoulders. All party members, particularly elder party members, should put all their energy into this. Since the 3d Plenary Session of the 11th CPC Central Committee, we have done a lot of work, solved a lot of problems, and attained numerous achievements. We now have a very good forward position. We now set forward the task for reforming and perfecting the leadership system of the party and state in order to meet the needs of modernization. The conditions for this are ripe. It is perhaps impossible for our generation to accomplish this task completely, but we have at least the duty to lay a solid foundation for its accomplishment and establish a correct orientation for it. I believe we can assuredly achieve this.

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## A PROGRAMMATIC DOCUMENT GUIDING CHINA'S POLITICAL STRUCTURAL REFORM

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[Editorial]

[Text] The republication of Comrade Deng Xiaoping's speech at an enlarged meeting of the Political Bureau of the CPC Central Committee on 8 August 1980 at a time when we were commemorating the 66th anniversary of the establishment of the CPC has great significance. By applying the basic views of Marxism, this speech scientifically analyzed the history and status quo of the leadership system of our party and government and made a brilliant exposition on the necessity, purpose, and principle of the reform of the system of party and state. The reform of the system of party and state leadership we talk about here is in fact political structural reform. The speech has provided us with basic guidance for conducting political structural reform and is a programmatic document guiding China's political structural reform.

Comrade Deng Xiaoping explicitly pointed out in his speech: "The purpose of reforming the system of party and state leadership and other systems is to take full advantage of the superiority of socialism and speed up China's modernization." In order to give full play to the superiority of the socialist system, we must treat whether it can rapidly develop social productive forces economically, fully develop people's democracy politically, and train a large number of outstanding people with professional knowledge who can serve socialist modernization organizationally as a criterion for testing whether various systems of the party and state are perfect. This clearly points out a direction for China's political structural reform.

Conducting political structural reform; building a socialist political system with a high degree of democracy, sound legal system, and efficiency; and perfecting a socialist political system are extremely important component parts of building socialism with Chinese characteristics. Just as economic structural reform is self-improvement of the socialist economic system, political structural reform is self-improvement of the socialist political system. The political system we want to reform is not the fundamental political system of socialism, but the specific political system and concrete systems. Through self-regulation, self-transformation, and self-development of the socialist system and relying on the strength of socialism itself, it aims at overcoming various defects so as to better persevere in the



fundamental system of socialism and give full play to the superiority of socialism. Therefore, in political structural reform, we can of course make use of some reasonable elements of the political system in capitalist countries, but cannot treat the political system of the Western bourgeoisie as the standard one and cannot mechanically copy their practice of "division of three powers," "parliamentary system," and the "bipartisan system."

Building socialist democracy is the central point and general orientation of the political structural reform. A high degree of democracy is one of the great targets for socialism. Only by allowing millions upon millions of broad masses to actively participate in management of state affairs, economic affairs, and social affairs and by democratizing management of these affairs, is it possible to bring into full play their creativity and promote rapid development of the socialist cause. China's Constitution has stipulated a political target for building a socialist country with a high degree of democracy. The purpose of conducting political structural reform is to turn this target into reality step by step, to continuously develop and perfect the content and form of socialist democracy, to democratize political life, economic management, and social life, to systematize and legalize socialist democracy, and to overcome bureaucracy. The concrete reflection of the superiority of the socialist system is promoting development of social productive forces. For many years, we have failed to pay serious attention to the criterion of productive forces on the understanding of socialism. During the "Cultural Revolution," we even criticized the so-called "theory of the omnipotence of productive forces." We often treat things disadvantageous to rapid development of productive forces as what is indispensable in socialism and things that can be used in different social systems and are advantageous to rapid development of productive forces as capitalist things. We must thoroughly eradicate this old idea, attach great importance to the important criterion of developing productive forces, and deeply understand the political structural reform we are to conduct and other reform measures are to bring into better play the superiority of socialism and to promote quicker development of productive forces.

In short, political structural reform must be advantageous to consolidating and improving the socialist system, to consolidating and strengthening people's democratic dictatorship, to fully developing people's democracy, to ensuring that all people really have the right to administer state and social affairs, to arousing people's enthusiasm, to consolidating and developing the lively political situation of stability and unity, and to bringing up a large number of outstanding people suited to the needs of building socialist modernization. In the final analysis, it must be advantageous to developing productive forces under the party's leadership and socialist system, to promoting prosperity and development of socialist economy, and to gradually and continuously improving people's livelihood on this basis.

In his speech Comrade Deng Xiaoping deeply exposed the concrete reflection of the main defects in China's current political system and their harmfulness, made a penetrating analysis of the roots of these defects, and emphatically pointed out the necessity and importance of solving the problem by improving the system.

China's original political system is one with an overconcentration of power which administers all political, economic, and cultural affairs. This political system with an overconcentration of power was basically suited to the political and economic conditions during the period of socialist transformation. However, along with changes in socialist political and economic conditions, the defects of the original political system have become more and more distinct, and the main defects are: Overconcentration of power; substituting the responsibilities of the party for those of the government; failure to distinguish between the responsibilities of the party and those of the government; substituting the responsibilities of the government for the functions of enterprises; failure to distinguish between the responsibilities of the government and the functions of enterprises; overstaffed and overlapping administrative organs; bureaucracy; inefficiency; the patriarchal system; the practice of one person alone having the say; the lack of democracy; life tenure in leading posts; the patriarchal concept; substituting power for law; putting power above law; and people's lack of understanding about the legal system. All these defects have hampered or seriously hampered the displaying of the superiority of socialism, jeopardized the political life of the party and state, and inhibited the enthusiasm and creativity of the broad masses for building socialism. In view of this, Comrade Deng Xiaoping sharply pointed out: As for these defects, "unless they are conscientiously reformed, we can hardly expect to meet the urgent needs of modernization and we are liable to become seriously alienated from the masses." "Only when these defects are resolutely removed through planned, systematic, and thorough reforms will the people trust our leadership, our party and socialism. Then our cause will truly have a future of boundless promise." It must be admitted that in the 7 years since Comrade Deng Xiaoping published this speech, China has made great changes and much progress in political, economic, and cultural fields, and the previous defects in China's political system have been rectified to different extents. However, we must clearly realize that the problems in the political and ideological fields as referred to in the speech have not yet been thoroughly solved. In particular, the problems of overstaffed and overlapping administrative organs, shifting responsibilities, failing to pay attention to efficiency, serious bureaucracy, appointing people by favoritism, establishing personnel connections and a patriarchal system, the practice of one person alone having the say, substituting power for law, and seeking privileges are all the more inharmonious to the rapidly developing economic situation and the situation of reform, opening up, economic invigoration, and are therefore more "intolerable." The recent serious conflagration in the forests of Daxinganling has not only exposed the serious harmfulness of bureaucracy, but also fully indicates the necessity and urgency of conducting political structural reform.

For a long time in the past, we used to solve problems in the political life inside and outside the party by relying on ideological education and on organization and discipline, but paid no attention to solving problems by improving the system. As the problem of the system was not properly solved, so ideological education cannot achieve expected results and all defects cannot be rectified thoroughly. While analyzing the phenomenon of bureaucracy, Comrade Deng Xiaoping deeply pointed out that bureaucracy is closely linked to the management system, with its overconcentration of power

that we have practiced for a long time, and this system is the basic root of bureaucracy. Another root of bureaucracy is that the leading groups of our party and government organs, enterprises, and institutions have lacked for a long time strict administrative regulations and an individual responsibility system from the high to low levels, and lacked strict and clear stipulations on the scope of authority and responsibility of every administrative organ and individual. He also summed up our historical lessons, and the bitter lesson of the "Cultural Revolution" in particular, pointing out: "It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to the problems in our organizational and working systems. If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good people or indeed, in certain cases, may push them in the wrong direction," and that "the leadership and organizational systems are more fundamental, widespread and long-lasting, and that they have a greater effect on the overall interests of our country." Therefore, to overcome bureaucracy, the essential thing is to reform the system of party and state leadership, to establish a scientific and perfect system, to allow competent cadres to bring into play their role and remove incompetent cadres from their posts, and to prevent those seeking privileges from riding roughshod, so as to ensure normal operation of the machinery of the party and state and to promote healthy development of China's socialist modernization.

In his speech Comrade Deng Xiaoping, in connection with the system reform, expounded in detail on the problem of eradicating the influence of feudal and bourgeois ideas. He not only deeply expounded on the close ties between various defects of China's current political system and feudal ideas, but also called for eliminating the remnant influence of feudal ideas with a practical and scientific attitude and by adopting correct methods. He also pointed out that while eradicating the remnant feudal influence in the ideological and political field, we should not, in the slightest degree, relax and neglect criticism of bourgeois and petty bourgeois ideas and the criticism of extreme individualism and anarchism. All these important expositions have undoubtedly provided us with important theoretical guidance and an ideological weapon for conducting political structural reform.

China experienced feudal rule for several thousand years. We conducted an anti-imperialist and antifeudal new democratic revolution and thoroughly overthrew the reactionary rule of feudalism and the feudal system of land ownership. "However, we did not complete the task of eliminating the surviving feudal influences in the ideological and political fields, because we underestimated their importance and because we quickly proceeded to the socialist revolution." The problem of overconcentration of power in China's current political system, and other defects derived from it, such as bureaucracy, the patriarchal system, life tenure in leading posts, and various privileges, all have close links of one kind or another to feudal ideas. Therefore, eliminating the remnant feudal influence should be a prerequisite to political structural reform. If we fail to see the objective existence of the remnant influence of feudalism in China's political and social life and its harmfulness, refuse to oppose feudalism, and treat

fighting feudalism as supporting capitalism, it is absolutely wrong. It is still impermissible to stick to the phony socialism advocated by the "gang of four" and to practice feudalism. However, in eliminating the remnant feudal influence, we must oppose treating everything as feudalism without making analysis and particularly cannot allow people to oppose socialism under the pretext of opposing feudalism. We must draw a line of demarcation between socialism and feudalism, between democratic essence and feudal dross in cultural legacy, and between the remnant influence of feudalism and some unscientific and unsound systems in our work resulting from our lack of experience. In eliminating the remnant feudal influence, the stress should be laid on seriously reforming and perfecting the system of party and state and on ensuring inner-party democracy and people's democracy in the system.

While eliminating the remnant feudal influence, we must not neglect criticism of bourgeois ideas that harm others to benefit oneself and put profit-making above all and put forward other decadent ideas, and we must not allow ideas of bourgeois liberalization to spread unchecked. Comrade Deng Xiaoping pointed out: "It is absolutely wrong to lose faith in socialism and think that it is inferior to capitalism just because we have made mistakes in our practice of socialist revolution and construction. It is also absolutely wrong to think that in trying to eliminate remnant feudal influences we may spread capitalist ideology." Of course, we must adopt a scientific attitude toward capitalist and bourgeois ideology and must critically make use of and draw lessons from rational and progressive factors in them. We should not treat our current reforms that are advantageous to developing production and the socialist cause as capitalist things and criticize them. We must use such methods as reasoning things out and holding discussions to solve people's ideological problems and solve the problem of reform of the current system and the establishment of a new system in a practical and steady way.

In his speech Comrade Deng Xiaoping also emphatically pointed out: "The purpose of reforming the system of party and state leadership is precisely to maintain and further strengthen party leadership and discipline, and not to weaken or relax them." "The point is that the party must provide good leadership; only through constant improvement can its leadership be strengthened." Upholding and improving party leadership is a basic foothold that we must always use as a base in conducting political structural reform.

The CPC is the leading core of China's socialist modernization, and upholding party leadership is the basic guarantee for victory of socialist modernization. This is a common conclusion drawn by the Chinese people from the fighting course of the CPC over the decades. The practice of China's new democratic revolution and socialist revolution and construction has proved and will continue to prove that without the CPC, it would be impossible to build China into a modernized socialist country with a high degree of civilization and democracy. Although our party made quite a few mistakes and needs to be much improved in party leadership, it was our party itself that corrected such mistakes affecting the overall situation and the "Cultural Revolution" and previous "leftist" mistakes and it was our party itself that put forth the problem of reforming the party's leadership system and improving party leadership and carries them out step by step. Therefore, those who believe that

political structural reform should "weaken" party leadership because our party made mistakes and because there exists a serious failure to distinguish between the responsibilities of the party and those of the government and due to substitution of the responsibilities of the party for those of government in leading organs at all levels of our party and state, and those who even advocate copying Western multiparty systems to replace the leadership of the CPC all totally run counter to the will of the people. Their ideas will not work.

Comrade Deng Xiaoping particularly stressed that to uphold and strengthen party leadership, it is necessary to improve party leadership. Party leadership is mainly political, ideological, and organizational leadership. Party organizations at all levels are not power organs above state administrative organs which merely issue orders, and they cannot replace the function of state power organs at all levels and mass organizations. In the past, we erroneously held that party leadership means the party taking care of everything, so we substituted the party for the government and administered many things that should and could not be administered by the party. It not only affected state organs in exercising their functions and powers, but also downgraded the party's leadership levels, weakened the party's self-construction, and ruined the party's reputation. Therefore, we must, through political structural reform, separate the responsibilities of the party from those of the government and change the situation of substituting the party for the government, so as to strengthen party building and improve party leadership. In short, political structural reform can only succeed under the premise of upholding and improving party leadership. The improved political system after reform must correctly reflect the party's leadership over the state's political life. Only such a system can become a mighty force promoting the socialist cause.

Since the 3d Plenary Session of the 11th CPC Central Committee, urged and promoted by economic structural reform, China has taken some important steps in political structural reform. For example: The establishment of the Secretariat of the CPC Central Committee has strengthened the party's collective leadership; the new Constitution adopted in 1982 has promoted the work of separating the responsibilities of the party from those of the government; leading groups at all levels have been reorganized and middle-aged and young cadres have been selected and promoted according to the "four requirements" on cadres; and the building of legal system has been strengthened. All these reforms have played an important role in developing inner-party democracy and people's democracy, in arousing the enthusiasm of the people and all sides, in ensuring smooth progress of economic reform and other reforms, and in promoting development of productive forces. However, it must be noted that the current reforms are only preliminary and that along with the overall development of economic structural reform and rapid development of the planned commodity economy, it will be difficult to correct various defects of the current political system in the fields of establishing organs, government functions, cadres' quality, leadership systems, and working styles to meet the needs of economic structural reform and the objective situation of invigorating the domestic economy and opening up to the outside world.

In line with development of the situation, in recent years, Comrade Deng Xiaoping has again made many penetrating expositions on political structural reform. For example, from the needs of deepening economic structural reform, he time and again explained the necessity and urgency of political structural reform. He pointed out: "With every step forward in economic structural reform now, we will deeply feel the necessity for political structural reform. If we do not reform the political structure, development of productive forces will be impeded and the success of the four modernizations will be hampered." "The important thing is that the political structure does not meet the needs of the economic structural reform. Therefore, if we do not conduct political structural reform, it will be impossible to ensure the achievements of, and go on advancing the economic structural reform." Comrade Deng Xiaoping has made many expositions on targets and tasks of political structural reform and the expositions have become more and more explicit. In a talk last November, he clearly pointed out: Political structural reform must be conducted to serve three purposes. 1) To ensure that the party and state always have vitality. 2) To overcome bureaucracy and raise efficiency. 3) To arouse the enthusiasm of the grass roots, workers, peasants, and intellectuals. On the contents of political structural reform, he repeatedly proposed that it is necessary to separate the responsibilities of the party from those of the government, to delegate power, to streamline administrative organs, to raise efficiency, to develop inner-party democracy, to perfect socialist democracy and the legal system, and to reform the cadre system. All these expositions are further explanations and development of his basic ideology in the article "Reform of the System of Party and State Leadership." We must, in connection with study of these important expositions, deeply understand Comrade Deng Xiaoping's basic guiding ideology on political structural reform.

Political structural reform involves all aspects of the superstructure, is more arduous and complicated than economic structural reform, and will meet various obstacles and disruptions. Reform is an inevitable trend and there will be no way out without reform. We must rid ourselves of the trammels of such habitual forces as being satisfied with the existing state of affairs, fearing changes and reforms, and sticking to the conventions; inspire ourselves with an active and enterprising spirit; make bold exploration; and push forward the reform. Meanwhile, we must act prudently; conduct political structural reform in a planned, step by step, and orderly way under the leadership of the party and government; and always maintain a political situation of stability and unity. Comrade Deng Xiaoping's expositions on political structural reform have provided us with a theoretical weapon for unifying our ideas and deepening our ideological understanding. All comrades of the party must deeply study and understand a series of his guiding ideology and lay down a good foundation for properly conducting China's political structural reform.

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PAY ATTENTION TO REMOVING INTERFERENCE FROM TWO SIDES, RESOLUTELY CARRY OUT THE POLICY OF REFORM AND OPENING UP

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[Commentator's article]

[Text]

I

In a recent speech, Comrade Zhao Ziyang set out two tasks for the ideological front: First, to deepen the struggle against bourgeois liberalization; and second, to deepen the reform and strengthen the propaganda concerning the reform. This should be the guiding principle for our party on the ideological front not only at present but also for a relatively long period of time.

In the initial stage of our country's socialist development, we are confronted with two interrelated major issues of how to deepen the reform, open up to the outside world, and invigorate the domestic economy and how to ensure the reform, opening up, and invigoration of the domestic economy to healthily develop along socialist lines. The objective conditions show that if we still stick to the previous rigid concept of building poor socialism which has to "be large in size and have a high degree of public ownership," we shall stifle the vitality and vigor of socialism. This not only violates the objective law but also runs counter to the demands of scientific socialism. The founding of socialism in China is a product of the movements of the basic social contradictions; and during the development of the socialist cause we must always consciously readjust the contradictions between productive forces and production relations and between the economic bases and superstructures. However, this readjustment should not be subordinated to a certain subjective will or wish. In the final analysis, it should be based on whether it is favorable to the development of productive forces. The line since the 3d Plenary Session of the 11th CPC Central Committee is based on just such a basic viewpoint of historical materialism as its theoretical cornerstone. In the light of this basic viewpoint, we must sum up the historical experiences and lessons, renew our understanding of socialism, and reform the present economic and political structures that are incompatible with the development of the productive forces. If we do not carry out reform, we shall have no future. All Communist Party members should judge the hour and size up the situation to see the seriousness and urgency of this issue. We should base our attitude on the overall situation of the fate of the party

and state rather than our personal gains or losses and stand in the frontline of the reform. However, it is necessary to point out that in the face of a social change if people are slow to feel the pulse of practice, they will not be able to readily and promptly adapt themselves to the new situation or will not understand but will even resist the change. Therefore, excluding the influences and interference of the habitual forces, removing the misunderstandings and misinterpretations of socialism which were formed under some given historical conditions, and breaking with the relevant rigid and ossified concepts have, as a matter of course, become an extremely important task in the political and ideological front.

Undoubtedly, our reform is a self-perfection of the socialist system, rather than any other particular kind of reform. If it deviates from the fundamental principles of socialism as well as the socialist direction of reform, the reform will go astray. Of course, socialism does not and should not have any unchanged patterns. However, it is in essence different from the other social systems. If the predominance of the public ownership, the basic pattern of distribution according to work, the national structure of the people's democratic dictatorship which gives expression to the master status of the people in the realm of superstructure, and the leadership of the party are all negated and doubted, we can assert that our party, country, and nation will also be dragged into an abyss of disaster. This is the proposition as well as the consequence of the bourgeois liberalization. And this is also exactly why we should carry on the struggle against bourgeois liberalization in a deepgoing and protracted manner. As the struggle against bourgeois liberalization is a long-term task, people should not wind up the struggle and leave it unsettled after making some token gestures.

How do we differ from the advocates of bourgeois liberalization? On this issue, those representing bourgeois liberalization have created many false impressions. They seem to be vanguards in "emancipating minds," heroes of "anti-leftism," and the keenest supporters of the reform, opening up to the outside world, and invigoration of the domestic economy. If anyone says "no" to their remarks, they stir up a commotion, describing it as a comeback of "spring ice," the "little glacial epoch," the practices of "leftism," and so on, in an effort to mislead the public. In fact, in their eyes, the "emancipation of minds" means to be "emancipated" from the four cardinal principles and upholding the four cardinal principles is equal to upholding "leftism." They believe that the socialist system has come to a dead end and that to carry out reform, open up to the outside world, and invigorate the domestic economy we must "Westernize everything" and indiscriminately copy the capitalist political and economic system in the West. These viewpoints are not our conclusions or misinterpretation but were once publicly spread about through the means of mass media. As they have already said these things, we can clearly see the essence of our difference with the advocates of bourgeois liberalization. As early as in 1985, Comrade Deng Xiaoping often pointed out that "to engage in the bourgeois liberalization in our country means to take the capitalist road." The "Decision of the CPC Central Committee on the Guiding Principle of the Building of the Socialist Spiritual Civilization" once again exposes the crucial point of the issue: "To engage in the bourgeois liberalization means to negate the socialist system and



favor the capitalist system." Evidently, our difference with the advocates of the bourgeois liberalization lies in which way China should be heading. In other words, it is whether we should carry out the reform, open up to the outside world, invigorate the domestic economy, and improve and perfect the socialist system according to the orientation of socialism or whether we should lead China onto the capitalist road. This is the focal point of the whole issue.

## II

However, apart from continuing to take the road of building socialism with Chinese characteristics in the reform, is there another path? Or is there a possibility of realizing capitalism in China? And would it work? As far as the people who advocate bourgeois liberalization and make such a proposition are concerned, the answer is undoubtedly positive. However, we should remember that as history is an objective process independent of man's will rather than a piece of molding clay, it has its own law of development. Judged by their attitude toward the Chinese history and reality, these advocates of bourgeois liberalization are sheer historical idealists. Therefore, our fundamental difference with the advocates of bourgeois liberalization in politics and ideology latently includes the antagonism between the two social and historical concepts.

After the birth of the ideological trend of bourgeois liberalization, some people began to blame and criticize contemporary Chinese history in many ways. The conclusion of their logic is: China should not have fought the Opium War, the war of resistance against Japan, and the war of people's liberation at all. It seems that if we had let the imperialists run amuck in China, the Chinese territories become more colonialized, and the rule of bureaucrat capitalism more consolidated, and the people had not resisted and waged struggles, China would now be "as prosperous as" the United States, Britain, and Japan. In short, they believe that it is a great pity that China did not experience a whole stage of capitalism. According to them, only when a fully developed capitalist society comes to its end can we build up the socialist system. Otherwise, it is not rational. Therefore, they repeatedly "criticize" the transitional period of history in our country from new democracy to socialism and maintain that this transition was only a result of the artificial, external "political force."

Is China's socialist road a result of external "political force" or the historical choice of Chinese people after waging struggles for 100 years and the inevitable outcome of the development of contemporary Chinese history? To get a correct answer, we believe that first there is an issue of what viewpoints to adopt in looking at history and the reality. In the light of the Marxist historical viewpoint, people should not raise the issue that history should not be as it is. We can only expound and expose the objective bases and conditions for the making and development of history and find out its intrinsic logic. If we proceed from the true contemporary history of the Chinese revolution, the national fate, and the economic development, we have to admit that the socialist road taken by China was not a product of anybody's subjective will nor the result of external "political

force" but was deeply rooted in the social, basic contradictions of the semi-colonial and semifeudal old China as well as the awakening of the vast numbers of the people as a result of the intensification of these contradictions and the maturity of the Chinese working class as a leading class, and originated from the development of the revolutionary history of new democracy. If some people try to rewrite this period of history and the reality as a result of this period of history, they are the ones lost in an illusion, regarding subjective will as omnipotent and attempting to engage in some kind of external "political force."

As we all know, after the Opium War in 1840 China became a target of aggression and plunder for the capitalist and imperialist powers in the world. The invasion of the foreign countries broke the natural economic system of Chinese feudalism and gradually reduced China to a semicolonial and semifeudal country. Under these historical conditions, although capitalism did not fully develop in China, it developed to a certain extent after all (including foreign capital, the bureaucrat compradors who closely colluded with foreign capital, and the relative weak national capital). Therefore, this completely new social force, the working class, was born. Notwithstanding that the Chinese working class was small, they were amassed in several large industrial systems which were vital to the national economy and in some important cities and maintained a natural alliance with the vast numbers of peasants. Therefore, among all the Chinese social classes the working class was not only the most advanced social force but also possessed a very important position in the masses of people. These were the main bases and conditions for Marxism to take root in China, for the political party of the working class to be born, the new-type democratic revolution to emerge, and the new democracy to change to socialism after the revolutionary victory.

It is also obvious that the socialist transition in the economy of our country, in fact, began at the time when the people's democratic regime confiscated the capital of the bureaucratic compradors and that the predominant position of the socialist economy under the system of ownership by the whole people was also formed on this basis. Just think if there was another possible choice at that time, rather than transforming the capital of the bureaucratic compradors which gripped the lifelines of the national economy and accounted for about 66 percent of the national industrial capital and about 80 percent of the fixed assets of the national industry, mines, and communications and transportation into the socialist economy under the system of public ownership. We can clearly and unequivocally say: No. The fruits of victory acquired by the people of all nationalities in our country after fighting bloody battles for several decades should be, as a matter of course, mastered by the working class and the masses of people. At that time, our party did consider having a new democratic development stage, namely, to let the capitalist industry and commerce develop to a certain extent within a relatively long period of time, and also adopted some explicit principles, namely, to make use of its positive roles favorable to the national economy and the people's livelihood to restrict its negative roles unfavorable to the national economy and the people's livelihood. Nevertheless, as the negative and destructive side of the backward capitalist industry and commerce that had previously developed in a deformed way was later increasingly exposed to the

full in the social and economic fields and it became increasingly harmful to the national economy and the people's livelihood, the socialist transformation of the capitalist industry and commerce became an urgent issue. In the rural areas, after the completion of the nationwide agrarian reform, due to the demand of the vast numbers of the peasants to take the road of mutual aid and cooperation and the needs of the national industrialization, the socialist transformation in the rural areas also became imperative. By adopting the correct policies and measures, our party relatively smoothly realized the socialist transformation of individual farming, handicrafts under individual ownership, and the capitalist industry and commerce and succeeded in guiding China onto the road of socialist development. Therefore, China's entering into the socialist society in the mid-1950's was a reality caused by history as well as an inevitable outcome of the development of modern Chinese history. Therefore, it does not make sense to think otherwise, regardless of history and the reality caused by history.

With the aim of demonstrating the rationality of their proposals, the advocates of bourgeois liberalization not only quibble over history but also want all the more to "prove" the contemporary reality. On the one hand, they uglify socialism and criticize it as devoid of any merit; and on the other hand, they embellish capitalism and describe it as extremely wonderful and incomparable. By quoting the criterion of practice as their grounds of argument, some of them have even gone so far as to say that even though history has passed and cannot be remade, after the "test of practice" over the last 30 years it seemed that people should awake from the "illusion" of socialism and strike out on a new path to "make up the missed lesson of capitalism." It seems to them that by making a fresh start and engaging in "private ownership and the ownership and society of the laissez-faire economy" China will completely change and enter into the "paradise" and "playground" that fascinates them and that they dream about, and seek. It is too bad that their viewpoint on the contemporary reality also falls into the quagmire of historical idealism.

First, socialism does not mean everything backward and devoid of any merit nor is at an impasse. What power enabled old China which was once falling to pieces, whose people were living in destitution with everywhere a scene of devastation, to change into a country standing proudly and towering like a giant in the world and occupying a decisive position in world affairs? Why is our country the focus of attention among the developing countries? As long as we do not harbor any prejudice nor improperly humble ourselves, we can see this fact: "Only socialism can save China." It was the socialist system that enabled China to revive. However, as far as the problems are concerned, we should admit that we did not do it well. This is due not only to our backward basis but also our errors in guiding ideology. Because of the misjudgments on the national conditions during the period from 1957 to 1978, the socialist cause suffered one setback after another. In particular, the 10-year-long Cultural Revolution which cost us 20 years prevented the socialist system from displaying its strong points. Where is the way out? Should we continue to advance along the line established by the 3d Plenary Session of the 11th CPC Central Committee to straighten out our guiding ideology, further study the national conditions in China, overcome the conservative and ossified concepts and the malpractices formed long ago in

the 1950's in the economic and political systems, and implement the policy of opening up to the outside world and invigorating the domestic economy to push forward the cause of socialism in the reform, or sever the direction and progress stipulated by Chinese history and accept "total Westernization" outright? Despite our persistence in the former road, the advocates of bourgeois liberalization forcibly push China onto the latter road. Why? Because they are fascinated by the "prosperity" of the capitalist countries. They imagine that once China "has made up the missed lesson of capitalism," this kind of "prosperity" to which they are looking forward will come.

Here, we have to throw cold water on the people entertaining such a thought. Let's not mention at the moment how many deep and acute social contradictions are hidden behind the "prosperity" of the present developed capitalist countries. We should acknowledge their strong points in the aspects of material civilization, economy, science, technology, and so on. But how were these strong points formed? We can also say that these were formed by history. While expounding the Marxist materialist historical concepts, Lenin once said: "People should study the process of history with a scientific attitude, or regard history as a process to be studied that is very complicated and full of contradictions but also unified and has laws." ("Selected Works of Lenin," Vol 2, p 586) However, the advocates of bourgeois liberalization do not seem to have any idea of the objective laws of history but often have only wishes and desires regardless of possibilities or conditions for their realization. They often tend to reap immediately after sowing seeds. Marx once said: "The development of the social-economic formation is a process of natural history." ("Das Kapital," Vol 1, p 12) Obviously, this generalization also includes the movements of the social-economic formation under the system of capitalism. Did the people proposing to "make up the missed lesson of capitalism" ever think from where they should proceed to make up the missed lesson?

People should know that just as with any other social system the capitalist society also experienced the process of emerging and developing from the initial to advanced stages. At present, we have already noticed that the building of socialism cannot leap over some stages. Therefore, we have to consciously respect the reality of the initial stage of socialism confronting us and regard it as the starting point of our policymaking. Can the building of capitalism leap over stages? We can unequivocally say, no. The production mode of capitalism is based on the "primitive accumulation of capital," which is an indispensable link in the transition from the natural economy to the commodity economy under the condition of capitalism. Moreover, this accumulation is realized through a series of violent means such as conquest, enslavement, plunder, slaughter, theft, and so on. The production mode of capitalism also went through the process of extorting the absolute surplus value of the working class, mainly based on exploitative means like increasing working intensity and hours. At that time, the working hours were sometimes extended to 16 to 18 hours to bleed the employees white. This is unavoidable in the initial stage of capitalism. Capitalism first developed in personal competition among the individual commodity producers. All the upstarts were stained with the blood of countless losers. In short, the history of the development of capitalism is not "something pastoral and

idyllic" but a history of "competing for survival" and jungle justice, a history of man eating man, a history of disasters written in blood and tears, a history of cruel plundering in colonies and mutual slaughter among countries, and a history of the accompanying severe conflicts and sharp confrontations. This state of affairs was more conspicuous and outstanding at the initial stage of capitalism. It can be said that the "prosperity" of the present advanced capitalist countries is a result of the cruel external and internal exploitation and plunder over the last several hundred years at the great sacrifice of numerous laboring people. Have the people proposing to "make up the missed lesson of capitalism" ever thought about these things? Of course, no history will simplistically repeat itself. However, if this road is taken, its sufferings will surely be repeated in this land of China, despite its new characteristics of the times. Since China is in the process of transition from the natural economy to the commodity economy in many fields, the development of capitalism should largely begin with the initial stage of capitalism. Therefore, what we would see would absolutely not be the "prosperity" of the present developed capitalist countries but would inevitably be a repeat of the miserable situation of the initial stage of capitalism. This is the objective logic of the development of things.

Of course, some people proposing to develop capitalism in China are not ignorant of the sufferings the people have to go through in taking the capitalist road. Some of them did theoretically consider this issue in an all-round way and seemed to have found some rational grounds of argument: Judging from the high plane of the historical macroeconomy, we should experience everything which should be experienced and let everything which should happen happen! If "polarization" is necessary, then let it be "polarized"! Because a wide gap between the rich and the poor is necessary, the problem for China is the "public system." Even ignoring the standpoint of this view of immorally placing the majority of the Chinese people in a miserable position for the sake of a mere handful of people, the question about this viewpoint is whether the 1 billion people of all nationalities in China will accept this arrangement for their fate.

Fearing neither shedding blood nor giving up their lives, the workers, peasants, and intellectuals of our country unswervingly and continually waged heroic struggles for the independence of the country, the liberation of the nation, and the victory of socialism in China and have long become the masters of a socialist country and personally experienced the political and economic interests brought to them by the socialist system over the past 30 years. Would they docilely, obediently and passively watch the emergence of "polarization"? What does "polarization" mean to a certain extent? It means that the exploiting class and system will reappear in this land of China from which the exploiting class was eliminated. Would the people willingly endure the yoke imposed on them by capitalists? We just cannot underestimate the political consciousness of the Chinese working class and the people. It must be pointed out that the socialist cause has already been inseparably linked with the Chinese working class and people of all nationalities like flesh and blood. They are now closely bound up to share weal and woe. Notwithstanding that the socialist cause suffered setbacks and committed mistakes, it is, after all, in conformity with the fundamental

interests and hopes of the working class and the vast numbers of people in China. If this foundation of socialism is shaken, it will surely result in social turmoil and national disunity as well as a retrogression in Chinese history. If the 1 billion Chinese people take the road of capitalism, this would not only be a disaster for China but also a disaster for the world and history would be set back for many years.

### III

Over the past 37 years since the founding of the country, we have traversed a tortuous road. We have to say that in the first 7 years our cause developed healthily and smoothly. During this short period of 7 years, we cleared up the messy situation left by old China, enabled the national economy to rapidly recover and develop, and successfully, creatively, and basically completed the "three transformations," thus laying a foundation for the socialist system. This was another extremely deepgoing transformation in the social and historical progress of our country. Nevertheless, our socialist ship began to rock and toss in 1957. Politically, we expanded the scope of the anti-rightist struggle; and economically, we acted impetuously and over-anxiously for quick results and overlooked the objective law in an effort to catch up and surpass capitalist countries or even jump into communism ahead of schedule through displaying the "subjective initiative," the "great leap forward," and the reform of production relations to continuously increase the level of the system of public ownership. Of course, it failed. Also, due to natural disasters for 3 years running, our economy was in an extremely difficult position. When it began to improve after readjustment, class struggle was taken as a key link, the "four clean-ups" movement was set off in the vast urban and rural areas, and the "capitalist roaders within the party" were ferreted out everywhere. With the "four clean-ups" movement still unfinished, the storm of the "Cultural Revolution" began. Thus, socialism was distorted and deformed and became synonymous with poverty. Finally, the national economy was dragged to the verge of collapse. After the downfall of the "gang of four," this set of theories of "continuing the revolution under the dictatorship of the proletariat" was still in vogue for 2 years. However, "practice is the only criterion for judging truth." The disastrous effects of the guiding ideology of "leftism," in particular the catastrophe and calamity of the "Cultural Revolution," awakened us from a state of perplexity. The epoch-making 3d Plenary Session of the 11th CPC Central Committee restored the party's dialectical materialist ideological line of seeking truth from facts, effected a shift of the focal points of work of the party and state, and meanwhile put on the agenda "an extensive and deepgoing revolution" "to change in many ways the production relations and superstructures that are incompatible with the development of productive forces as well as all the unsuitable management methods, operational forms, and ideological patterns."

"Where hills bend, streams wind and the pathway seems to end, past dark willows and flowers in bloom lies another village." The establishment of the line of the 3d Plenary Session of the 11th CPC Central Committee opened up an entirely new situation for the socialist modernization construction in our country. During the 8 years since the 3d Plenary Session of the 11th CPC

Central Committee, we have gone through a process of exploring the building of socialism with Chinese characteristics, constantly improving and perfecting the socialist economic and political systems in the reform, and further demonstrating the strong points of the socialist system on the new basis. It is being proved in practice that the line of the 3d Plenary Session of the 11th CPC Central Committee is correct and that our reform is successful. The sign of the correctness and success is simply whether the economic development is promoted and the living standard of the people is raised. According to statistics, as compared with 1978, the GNP and the national income in 1986 increased respectively from 348 billion and 301 billion yuan to 938 billion and 779 billion yuan, an increase of 102 percent and 94.9 percent respectively in terms of the comparable prices. In these 8 years, after deducting the factors of increase in commodity prices, the per capita living expenditure income of the urban population and the per capita net income of peasants in our country still respectively increased by over 80 percent and 160 percent and the total volume of retail sales increased by over 200 percent. How convincingly and clearly these figures reflect the power of the line of the 3d Plenary Session of the 11th CPC Central Committee and the effectiveness of the reform! They show that the road of socialist reform opened up by the 3d Plenary Session of the 11th CPC Central Committee is now calling forth the vigor and vitality of our party, country, and nation and that the period since the third plenary session is really the best period since the founding of our country. These facts have not only proved the necessity of the reform but are also inspiring and calling us to deepen and expand the reform and continue to press forward on the road of reform.

Nevertheless, the law of historical development tells us that all important social reforms will encounter resistance and obstacles from different sides. Therefore, we must have an overall and comprehensive estimate of it. Even though we have made great efforts to liquidate the influence and pernicious influence of the errors of "leftism," the "leftist" things just cannot be put right once and for all. Looking back on the history of 37 years since the founding of the country, as compared with the other mistakes, the mistakes of "leftism" were always prevalent not only in the political and economic life but also in the realm of ideology for about 20 years. Therefore, how can we imagine we can get rid of them so easily? It is just impossible. Especially in a country where small production was once universally prevalent, it is even more difficult to thoroughly shake off this "nightmare." Is this not so? Thus, when people talk about "allowing some people and regions" to "get rich first," some comrades might regard it as "polarization." Whenever people talk about the development of commodity economy, they look upon it as a development of capitalism. Whenever the "separation of the functions of the party from those of the government" is enforced, they think that "it means abolishing the leadership of the party." Whenever the policy of opening up to the outside world is implemented, they maintain that it is worshipping and having blind faith in things foreign. There are also many other instances. Moreover, they really worry about these things. However, evidently if we do not break with this "really" conservative and ossified concept, we cannot progress, but will retrogress.

Nevertheless, developments in recent years have reminded us that our cause of reform is confronted not only with the above-mentioned danger of retrogression but also interference from the other side, or interference from bourgeois liberalization. Although this kind of interference within our party is not as deepgoing and extensive as the practices of "leftism," there are subjective as well as objective reasons for its emergence. Furthermore, if there are adequate climate and soil, sometimes this kind of interference can be very drastic. During the later half of last year, the call for capitalism caused a temporary clamor, or even an "earthquake." This had never happened since the founding of the country and should call for deep thought. Of course, this is not what we want. However, a bad thing can turn into a good thing, because it can alert us to another danger, the danger of retrogression toward capitalism. Precisely because they lacked a proper estimation of and vigilance for this kind of danger, some of our comrades took a laissez-faire attitude toward and winked at this tendency, resulting in the emergence and unchecked spreading of the ideological trend of bourgeois liberalization. This lesson should be remembered.

It seems that in the entire process of the socialist modernization drive, we have to carry out the two-line struggle, namely, we must strictly proceed from the reality to carry out the struggle against the tendencies of "leftism" and rightism. As the bigger obstacles are from the "left," we just should not underestimate the habitual force of "leftism." To correctly carry out the two-line struggle, we must correctly master the two basic points of the line since the 3d Plenary Session of the 11th CPC Central Committee. We should neither neglect the upholding of the four cardinal principles and the upholding of the policy of carrying out the reform, opening up to the outside world, and invigorating the domestic economy nor set them against each other. People should not reject the reform, opening up to the outside world, and invigoration of the domestic economy to uphold the four cardinal principles nor negate the four cardinal principles to uphold the reform, opening up to the outside world, and invigoration of the domestic economy. In our views, cutting apart these unified relations which are interdependent as lips and teeth between these two basic points is an important ideological root of the emergence of the "leftist" and rightist tendencies during the process of accomplishing the historical tasks for the new period. Therefore, in order to prevent the "leftist" or rightist deviations, it is necessary for us to further deepen our understanding of the connotations and mutual relations of these two basic points.

Lenin once said that one of the absolute requirements of the Marxist methodology is to confine issues within a certain historical scope. We believe that we should also meet this "absolute requirement" of the Marxist methodology in understanding the upholding of the four cardinal principles and the upholding of the reform, opening up to the outside world, and invigoration of the domestic economy as well as their mutual relations. We must see that the four cardinal principles we stress now were proposed after the completion of the shift of the party's focal point of work and the abolition of the slogan of "taking class struggle as the key link" and before entering another revolution, namely under the new historical conditions and against the background of carrying out a political and economic structural reform.



Therefore, they also contain the new content of the times. If, under these circumstances, people draw an abstract conclusion from the four cardinal principles or understand them in a rigid way divorced from the objective demands of the reform, opening up to the outside world, and invigoration of the domestic economy, they will inevitably adopt a skeptical attitude toward the reform, opening up to the outside world, and invigoration of the domestic economy. We should say that under the new historical conditions, to truly uphold the four cardinal principles people must uphold the reform, opening up to the outside world, and invigoration of the domestic economy. Upholding the latter is also included in the meaning of upholding the former.

Meanwhile, we must also see that the reform, opening up to the outside world, and invigoration of the domestic economy we uphold is to be carried out on the basis of the established socialist political and economic system with the aim of improving and perfecting the socialist system, and further expediting the development of the productive forces so as to better display their strong points. Therefore, upholding the four cardinal principles is also included in the meaning of upholding the reform, opening up to the outside world, and invigoration of the domestic economy. By paying no attention to the aim of reform, opening up to the outside world, and invigorating the domestic economy, we will not only violate our principle of reform, opening up to the outside world, and invigorating the domestic economy but will also eventually turn our country into a "tumultuous society."

In short, our basic conclusion drawn from the experiences accumulated from a long history is to integrate the general truth of Marxism with the concrete practice in our country, take our own road, and build socialism with Chinese characteristics.

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THE KEY TO DEEPENING REFORM OF ENTERPRISES LIES IN AROUSING THE SOCIALIST  
ENTHUSIASM OF LABORERS

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 pp 25-29

[Article by Chen Xitong [7115 1585 0681]]

[Text]

I

How much progress have we made in deepening reform of enterprises and strengthening their vitality? This is an important question about which people have generally shown concern and which they are vigorously studying and solving in the course of reform of the current economic structure.

Revolution is emancipating productive forces. The reform which we are today carrying out is a revolution and is the self-perfection and self-development of the socialist system. The aim is to emancipate and develop productive forces, to fully display the strong points of socialism, and to make these strong points attractive. The establishment of the socialist system breaks the shackles which fetter laborers, and the people become the masters of the country, so that social productive forces develop and the people's living standard is raised. The strong points of the socialist system allow of no doubt. However, socialism in our country is still in the initial stage and the socialist system is not perfect enough in many aspects. In particular, the defects of the economic structure, with a high degree of centralism and unification as the main characteristic, are gradually becoming more apparent. For a long period, as the country has exercised too much and too rigid control, enterprises have lacked decisionmaking power and become the appendages of administrative and management departments. This old structure restricts the full development of the initiative and creativeness of the operators and producers of enterprises and delays and hinders the development of the socialist commodity economy. In the final analysis, the so-called vitality of enterprises comes from laborers' enthusiasm. Microeconomic invigoration is arousing this enthusiasm, and macroeconomic readjustment and control is leading laborers' enthusiasm onto the correct path and giving play to and protecting this enthusiasm more effectively. If some measures of macroeconomic control hinder or constrain laborers' enthusiasm, they should be conscientiously readjusted. Therefore, reform of enterprises must be deepened, centered on the work of arousing laborers' enthusiasm for building socialism. Hence the so-called "carrying out all reforms without

departing from the principal aim." The "principal aim" is to arouse the enthusiasm of workers, cadres, and intellectuals. Embarking on reform without grasping this key link, the great potential of enterprises cannot be tapped, the drive of double increase and double economy can hardly be launched, and reform in other aspects can hardly be successful.

Since the 3d Plenary Session of the 11th CPC Central Committee, reform of the economic structure, developing from rural areas to cities, has been carried out around this basic point of arousing laborers' socialist enthusiasm, resulting in the achievements which are the focus of world attention. After the rural economy had been invigorated, collective enterprises of cities and small state-run enterprises were successively invigorated. However, although large and medium-sized state-run enterprises, which determine the state economic lifelines, have carried out experiments in many aspects, and some of them have a certain vitality, the shackles of the old structure are, on the whole, only slightly loosened, and it cannot be said that the majority of these enterprises have been really invigorated. If large and medium-sized enterprises are invigorated, the national economy will be invigorated; otherwise, reform will be hindered and the progress of modernization affected. Considering the situation of Beijing municipality, over 90 percent of revenue comes from industry. Of the 5,388 industrial enterprises throughout the municipality, 391 are large or medium-sized state-run enterprises and 100 are key enterprises. The output value of these 100 key enterprises accounts for 60 percent of the gross output value of the industrial system, their profits account for 71 percent, and the profits and taxes paid to the state account for 65 percent. It goes without saying that these 100 key industrial enterprises not only are the main financial resources of the whole municipality but also play a decisive part in the economic and social development of Beijing. In the course of the reform of enterprises, even though all small enterprises were invigorated, if large and medium-sized enterprises, particularly these 100 key industrial enterprises, were not invigorated, that would be nothing less than grasping the minor point but not the major point. How could the national economy as a whole be invigorated and progress continuously and steadily?

Why can large and medium-sized enterprises not be invigorated, or why can they not be so invigorated as small enterprises? There are many reasons, of which the three main ones are: 1) Under the influence of a structure with a high degree of centralization, upper-level administrative and management departments still exercise too much and too rigid control; 2) excessive "demands" are made on enterprises; and 3) two "big rice bowls" in distribution have still not been broken. In the course of the reform of enterprises, contradictions between the implementation of the measures for expanding powers and the taking back of powers by some departments are frequently encountered, reform to break the "big rice bowls" is assailed by the distribution method of egalitarianism, the enterprises' desire for self-development is restricted by too little retained profits, enterprises which make great contributions cannot get more, there occurs "whipping the quick ox," preferential treatment is given to the "slow ox," and so on. These restrict and dampen the enthusiasm of the operators and producers of enterprises to different degrees. Therefore, in the current deepening of reform of

enterprises, apart from continuously invigorating small enterprises, it is necessary to lay stress on invigorating large and medium-sized state-run enterprises and to arouse the enthusiasm of operators and producers. If we do not deepen reform along this course, but only make changes in minor matters, not only can we not basically invigorate enterprises, but also we will gradually make some enterprises lifeless, postpone good opportunities for reform, and even create obstacles to reform.

## II

Since rural areas implemented the system of contracted responsibility with payment linked to output, peasants' enthusiasm has been greatly stimulated. Why could rural areas "succeed once they implemented the system of contracted responsibility"? The basic reason is that responsibility, power, and interests are concentrated on contract operators, thus creating an internal impetus to, and external pressure for, developing production and raising economic results. Can the "system of contracted responsibility" be implemented in urban areas? Is it suited to reform of the urban economic structure? This is a question which people have discussed all through the past few years. We must admit that the situation in reform of the urban economic structure is much more complicated than the situation in reform of the rural economic structure, and there are many more difficulties. However, the aim is to arouse the enthusiasm of operators and producers and to promote the development of productive forces. Based on the aforementioned understanding, several years ago we introduced into urban areas the method of operation by contract. This method was first applied in the commercial and service trades on a trial basis and later in the construction trade and small industrial enterprises, and the results proved marked. In the second half of last year, on the basis of summing up the experiences of the pilot projects, Beijing municipality applied the method of using the experience of selected units to promote work in the entire area and conducted relatively big experiments in large and medium-sized enterprises. In accordance with the different characteristics of the 100 key industrial enterprises, different forms of the system of contracted responsibility for operation were first adopted respectively, and the main forms were the system of contracted responsibility for "two guarantees and one linking," responsibility for a progressive increase in profits paid to the state, responsibility for payment of profits on the basis of the level previously paid to the state, responsibility for reducing the deficits of enterprises incurring losses, and contracted responsibility of the whole trades. The common characteristic of these forms is further defining the responsibility of enterprises, expanding their powers, increasing their benefits, suitably separating power of ownership from power of operation, and enabling enterprises to effectively get rid of their upper-level departments' administrative intervention and to exercise their decisionmaking power of operation. Through this reform, the interests of the state, enterprises, and workers are organically combined and, on the basis of the completion of the task of paying profits and taxes to the state, if enterprises make more profits, they can retain more profits. When workers work more, they are paid more. While making more contributions to the country, they can get more visible and tangible material benefits. In the course of operation by contract, the system of the factory director (manager)

assuming full responsibility is implemented. A factory director (manager) has the power to regard a trade as the main work and to carry out diversification, has the power to control an enterprise's retained profits, has the power to determine the organization of labor within an enterprise, and has the power to decide the form of distribution within the sphere of the total amount of wages. Those who complete their tasks will be rewarded, while those who fail to complete their tasks will be punished. The responsibility, powers, and interests are given to the operators. The contract terms are laid down in the form of a contract by the municipal departments in charge, comprehensive economic departments, and enterprises and are legally binding. Whoever breaks a contract is legally and economically liable.

Of the above-mentioned many forms, the system of contracted responsibility for "two guarantees and one linking" is most welcomed by enterprises and workers. This is mainly a form of comprehensive contract adopted by large and medium-sized backbone enterprises whose tasks of technological transformation are arduous and which urgently need support and development. The "two guarantees" are that an enterprise guarantees the payment of taxes and the submission of profits to the state according to regulations and guarantees the completion of the tasks of technological transformation; and the "one linking" is that the total amount of workers' wages is linked with the economic results of an enterprise. Excess profits are retained by enterprises in different proportions for the main purpose of technological transformation. An enterprise which fails to fulfill the quota for effecting payment to the state must make it up from its own capital. When the period of a contract is set until 1990, it will remain unchanged for 4 years. The system of contracted responsibility for "two guarantees and one linking" was first tentatively implemented last year in eight enterprises, including the First Machine Tool Plant, and later the experience of the selected units was used to promote work in the entire area and was gradually popularized from enterprises to trades. At present, 223 enterprises of 7 trades are implementing it. Judging from the preliminary situation, the following several good points have been displayed:

1. An internal motive force is given to enterprises to develop production and to raise economic results, and an external pressure is created to impel enterprises to further perfect and strengthen their internal responsibility system, to combine responsibility, power, and interests at all levels, to greatly enhance enterprises' management level, to stimulate workers to work hard, and to vigorously launch the drive to increase production and practice economy and increase revenue and reduce expenditure.

2. Enterprises are made to have capability and staying power, which can increase output year by year, ensure a steady increase in state financial revenue, and realize the rejuvenation and transformation of enterprises on the strength of their own accumulation, not financial appropriations or loans, so that a foundation for the long-term development of enterprises can be laid.

3. When the period of a contract is set at 4 years, with the target for the factory director during his tenure, the strategic target of the enterprise, the target for upgrading, and the target for economic responsibility organically combined and included in the contract, the enterprise will work out a "4-year plan" rather than a 1-year plan. This is beneficial to the changing of the operator's and producer's short-term arrangements.

4. The system of contracted responsibility for "two guarantees and one linking" changes the previous tedious practice of assessing enterprises using a large number of quotas and only uses three economic quotas to "lead the ox by the halter" and to lead enterprises onto the path having raising economic results as the center. At the same time, it determines the interests and distribution relations between the state and enterprises, so that the upper-level departments in charge and operators and producers of enterprises are clear about the situation, and this is beneficial to the separation of the functions of government from those of the enterprises, greatly restricts administrative intervention by the upper-level departments in charge in enterprises' production and operation, and speeds up the abolition of companies of an administrative nature and their conversion to those of a service type.

The results of implementing "two guarantees and one linking" are very marked. On the basis of the development of production last year, although they encountered difficulties, including a shortage of funds and energy resources and the raising of the prices of raw materials, the output value of the eight enterprises, including the First Machine Tool Plant, which were the first group to implement this system of contracted responsibility, from January to May this year recorded an increase of 11.5 percent over the same period last year, their income from sales recorded an increase of 22 percent, their profits and taxes recorded an increase of 25.3 percent, their profits and taxes paid to the state recorded an increase of 21 percent, and the level of their increase was bigger than the current average level of the industrial enterprises throughout the municipality.

### III

In the course of implementing the system of contracted responsibility for operation, to arouse the enthusiasm of the operators and producers of enterprises more effectively, it is necessary to pay attention to solving the following several problems well:

1. Reform is a process of history. It is essential to clearly understand the transitional nature and varied nature of reform of enterprises at the present stage. We cannot expect to find a perfect pattern of reform overnight. Things emerge and develop subject to conditions and by stages. Likewise, reform of enterprises undergoes a process of development and cannot be achieved in one step. While carrying out particular measures for reform, we must take into consideration both the macroeconomic situation and the immense variety of specific situations of enterprises, seek truth from facts, proceed from reality, and respect the creative initiative of the masses. In particular, in the course of the current replacement of the old

structure by the new, under the circumstances of the unsound market mechanism and irrational system of prices, the method of reform can only be one of a transitional and varied nature. Judged from the ultimate course of reform of the entire economic structure, it is very necessary to fix the distribution relations between the state and enterprises in a legal form.

However, if we want to fix these intricate economic relations in a particular form overnight, we can hardly fix them now, and if we hurriedly do so, negative effects will be produced and the enthusiasm of operators and producers will be suppressed. In this sense, many forms of the system of contracted responsibility for operation can create conditions for the all-round replacement of profits by taxes. At the same time, the contract itself will undergo a course of gradual development and perfection.

2. It is imperative to encourage the "quick ox" and to whip the "slow ox." We must not take from those who have too much and give to those who have too little, nor "must they take from the rich to provide relief to the poor." When the system of contracted responsibility for operation is formulated, how to treat advanced enterprises and backward enterprises and how to rationally specify the contract base, the level of increase in income, and the proportion of excess income retained is an important problem which has a bearing on arousing the enthusiasm of enterprises. In particular, when large and medium-sized enterprises implement the system of contracted responsibility for operation on a large scale, more importance should be attached to this problem. The potential of the "quick oxen," which have become advanced enterprises due to relatively good operation and management, is relatively small, but that of the "slow oxen," whose production has not increased for a long time due to bad operation and management, though some of their conditions are good, is relatively big. Furthermore, "medical treatment" must be given to some oxen which made great contributions toward the country and were "quick oxen" in the past and which have become "sick oxen" today because their equipment has gradually become older and older for lack of financial resources to carry out self-transformation. If we do not distinguish between enterprises' different situations and if, at the time of entering into a contract, we apply the method of demanding uniformity in everything, take the figures for a year ago as the contract base, decide the level of increase on the basis of the average figures for the past 3 years, and specify retention of the same proportion of excess income, no matter whether there is a technological transformation task or not, the result will surely be that the "profits" of advanced enterprises will become smaller and smaller, the enthusiasm of workers will be dampened, "quick oxen" will not only not be encouraged but will also be whipped, and "sick oxen" will fail to get medical treatment and will not "recover" as soon as possible, and it is likely that their "sick situation" will be aggravated. "Slow oxen" will get undeserved benefits because of slowness. At the time of entering into contracts, we must pay attention to the fact that to guarantee a certain level of annual increase, we must not increase the tasks and raise the quotas of advanced enterprises at each level to make up for the reduced incomes of enterprises incurring losses. Conversely, strict demands must be set on the enterprises whose operation is bad, no allowances made for any quotas stipulated in their contracts for operation, and internal and external pressure

put on them by means of their contract for operation in order to urge them to change.

Of course, at the time of entering into contracts, enterprises, advanced or backward, must avoid setting an excessively big or excessively small base and specifying too big or too small a level of increase and proportion of excess income retained. In principle, they must both have a certain level of increase to guarantee a constant increase in the state financial revenue and be allowed to get real benefit from the portion of excess income come by through their efforts in order to gradually strengthen their self-transformation and self-development ability and improve the living standard of workers.

3. We must "breed fish by giving them water" and "give before attempting to take," and not "drain the pond to get all the fish" and "kill the hen to get the eggs." In the course of deepening reform of enterprises and implementing the system of contracted responsibility for operation, how to correctly handle the relations between immediate interests and long-term interests is a problem which people have been exploring all along. Large and medium-sized state-run enterprises are the main financial resources of the state and localities. When funds for construction are seriously insufficient for a long time, the state cannot but collect more taxes and profits from large and medium-sized enterprises. So far as large and medium-sized state-run enterprises are concerned, if long-term exorbitant demands are made on them, their retained profits are too small and their equipment too old, and when they operate with these shortcomings, they can hardly carry out self-transformation and self-development. If this situation continues, it is nothing less than "draining the pond to get all the fish" and "killing the hen to get the eggs." The state's financial resources will eventually be reduced and even cut off. How can we resolve this acute contradiction? When the state financial revenue cannot be reduced, but must increase year after year, the only method is to "guarantee both ends and restrict the middle," which means guaranteeing the state financial revenue and enterprises' retained profits and restricting local financial revenue. That is to say, at the time of entering into contracts, we must implement the principle of "breeding fish by giving them water" and "giving before attempting to take," endure with dogged will by slightly reducing local financial revenue under the premise of guaranteeing the fulfillment of the quota for the state financial revenue, and allow those enterprises which make great contributions and many profits and whose staying power is insufficient to retain a bit more. In doing so, there will be some immediate difficulties in local finance, but in the long run, so long as enterprises are enlivened, continuously develop production, and unceasingly raise economic results, they can not only steadily create more wealth for the state for a long time and pay more profits and taxes to the state, but also increase local revenue accordingly. This is the reason for allowing enterprises to be enlivened first when all sectors are poor, as we advocated. The 12th CPC National Congress put forward the great target of quadrupling the annual gross industrial and agricultural output value by the end of this century. We must achieve this target in two steps: accumulating strength in the first 10 years and entering a period of economic development in the last 10 years. The principle of "breeding fish by giving them water" and



"giving before attempting to take" has been adopted on the basis of this general guiding ideology.

In implementing the system of contracted responsibility for operation on the basis of the development of production, will more retention for enterprises and more income for workers cause consumption funds to get out of control? This is really a problem which warrants attention. Looked at from the actual situation of Beijing municipality, the profits and taxes submitted to the state in 1986 by the enterprises of the industrial system which carried out an experiment in linking the total amount of wages with economic results recorded an increase of 13.6 percent, while the total amount of wages increased by 2.7 percent only; the profits and taxes submitted by the enterprises which did not carry out such an experiment recorded an increase of 4.2 percent, while the total amount of wages increased by 14.1 percent. The facts prove that with the combination of responsibility, power, and interests of the operators of the enterprises which carry out the system of contracted responsibility for operation, the operators must accept corresponding hazards and, when making any policy decision, they must, therefore, weigh the advantages and disadvantages and look ahead and behind. It is those enterprises which do not implement the system of contracted responsibility for operation that should take precautionary measures because the operators do not accept hazards and responsibility, are not concerned about reduced production, "feel that they suffer losses if bonuses are not issued," and rush to eat from the same big pot, so that there emerges the abnormal phenomenon that enterprises incur deficits and wages and bonuses increase and malignant inflation of consumption funds is caused. We can conclude from this that if enterprises carry out the system of contracted responsibility for operation, it will be more beneficial to macroeconomic control.

4. In coordination with each other, comprehensive economic departments must vigorously support and carry out corresponding reform. That large and medium-sized enterprises carry out the system of contracted responsibility for operation on a trial basis is a profound reform and will surely affect certain systems of the comprehensive economic departments and changes in their provisions and methods of work. Without the corresponding reform of the comprehensive economic departments, the system of contracted responsibility for operation of enterprises can hardly be implemented. A situation in which entrepreneurs complained of hardship, workers felt discouraged, and departments in charge of industry were at a loss to know what to do once emerged in some places in Beijing. An important reason was that the corresponding reform of comprehensive departments which had in their hands the real power of the economic lever could not catch up with the situation. If the quota for financial revenue cannot be fulfilled, industrial departments can hardly absolve themselves of all blame, but it is unfair to lay the blame on them alone and, likewise, comprehensive economic departments undertake unavoidable responsibility. We therefore emphasize that there is an extremely important connection between comprehensive economic departments and whether or not production can increase. The system of contracted responsibility for operation implemented by large and medium-sized enterprises in Beijing municipality has now developed relatively smoothly, and

one of the important reasons is that comprehensive economic departments, including planning, finance, and tax departments, banks, and labor departments, have directly participated in and vigorously supported this reform. The leading comrades of these departments have made painstaking efforts to do all aspects of the work, ranging from conducting investigation and study to formulating plans for experiments in reform, and ranging from experiments to popularization in large areas, and studying and working out the contents of every enterprise's contract for operation. Centered on deepening reform of enterprises, they have aroused the enthusiasm of enterprises and carried out corresponding reform of the work of their departments so as to promote reform of the economic structure, which is welcomed by enterprises.

At present, reform--the implementation of many forms of the system of contracted responsibility for operation by large and medium-sized enterprises--is gradually developing and the cadres and the masses are enthusiastically supporting it. This has become an irreversible tendency. However, the road of reform is not smooth and in the course of reform, many new contradictions and difficulties will surely emerge. We believe that so long as we strengthen party leadership, step up political and ideological work, boldly carry out exploration and work hard to practice according to the principles and targets determined by the central authorities, and respect the creative initiative of the masses, we can surely win victory in this great reform and the strong points of socialism will surely bring about the great development of productive forces as a result of reform and be gradually displayed.

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## RANDOM TALK ON 'KNIFE SHARPENING'

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 p 29

[Article by Duan Minggui [3008 2494 6311]; excerpted from XUEXI YUEKAN No 6, 1987]

[Text] As the saying goes: "The task of a woodcutting worker will not be hindered if he sharpens his knife." Everybody understands the truth of this saying. However, when the knife really needs to be sharpened, many people are reluctant to do so.

A district chief working in a mountainous district tells this story: In the year before last, as the officers of his district saw that other districts had gained large sums of money from their kiln yards, they exerted great efforts and energy to raise 1 million yuan, and then used this money to set up a large kiln yard in a remote mountain valley. They expected that it would bring them unlimited fortunes. However, to their disappointment, the kiln yard was unable to "produce" and had to be closed down.

A county committee secretary tells the story of "using a blunt knife to cut wood." In 1985, the county committee, after trying many methods and encountering many difficulties, managed to set up a beverage factory which can produce 60,000 bottles of small champagne [term as published throughout]. This production greatly delighted the committee. However, the inhabitants of the mountainous region do not drink champagne; thus, the beverage factory was forced to close down shortly after 30,000 bottles of small champagne had been produced.

At present, the development pace of the commodity economy of some areas is not fast and not steady. There are even situations where they take three steps forward and two steps backward. It is not because of the reluctance of the cadres and the masses of these areas to "cut wood." The most important reasons are that "the knife has rust on it"; they do not understand the law of commodity production; and they have only exerted their efforts aimlessly, not in the correct way, but in the opposite way. Therefore, we must ask our cadres to study the theories of commodity production and to sharpen "the knife."

Recently, Nanzhang County decided to "sharpen the knife before cutting the wood so that the sharpened knife can cut wood faster." This year, we must send leading cadres of districts and counties to the county committee party school to learn "how to sharpen the knife." Each of them must spend half a month there to study the documents passed down by the Central Committee and the theories of socialist commodity economy. This is to strengthen their will and their theoretical foundations for the implementation of the planned measures.

This strategic decision of the Nanzhang County party committee is very brilliant. The leading cadres, who have been trying their best and exerting their efforts in "woodcutting" at the frontline for many years, are accustomed to the practice of "cutting" the "wood" of the natural economy. Now they have to "cut" the "wood" of commodity production. At the beginning state, they will really be at a loss. After "cutting" blindly for a while, their knives will have rust which will have to be removed, and there will be many questions in their minds that have to be solved. Once they have sharpened their knives by the "knife sharpener" of commodity production theories, they will suddenly see the light and will be very happy. Some cadres say that in the past when they were managing their enterprises, they were very anxious to talk about quantity and calculate production value. They thought that if the production scale was large and the number of items produced was large, the results would be great; and if there was a high growth rate of production value, the contribution to the enterprises would also be great. Among the four links of production, distribution, circulation, and consumption, they had only grasped one link (production) and had lost the other three links. The results were that the larger the scale of production was, the larger was the overstocking of products; the larger the number of items was, the larger was the amount of capital being held up; and the faster the growth of production value was, the heavier was the burden on the enterprises. It is impossible for us to manage commodity production if we do not understand its theory.

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CSO: 4005/907

# STATISTICAL DATA ON THE ACHIEVEMENTS OF 8 YEARS OF ECONOMIC STRUCTURAL REFORM--PART I

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 pp 30-31

[Article by the State Statistical Bureau; first paragraph is HONGQI introduction]

[Text] In the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, the reform and the open-door policy of our country have achieved great success. Starting in this issue, we will successively publish statistical information about these achievements.

## I. Changes in Ownership Structure

One of the important strategies of economic structural reform in our country is to develop various forms of economic ownership with public ownership as the main form. The reform in the past 8 years has caused great changes in the ownership structure. In the national economy as a whole, the form of whole-people ownership has occupied the leading position and has also continued to grow in strength. The form of collective ownership has also developed vigorously. Individual, private, and various forms of joint ventures have emerged, and they have become essential and beneficial supplements to the socialist economy. The changes in ownership structure have brought the development of the entire national economy to a new and lively situation.

|  | Absolute value |       |       |       | Proportion of various forms of ownership (percent) |      |      |
|--|----------------|-------|-------|-------|--|------|------|
|  | Unit           | 1978  | 1980  | 1986  | 1978   | 1980 | 1986 |
| 1. INDUSTRY<br>(Not including village industries and industries at levels below village) |                |       |       |       |  |      |      |
| Number of enterprises  | Thousand       | 348.4 | 373.3 | 499.3 | 100  | 100  | 100  |

|   |              | Absolute value |       |        | Proportion of various forms of ownership (percent) |      |      |      |
|---|--------------|----------------|-------|--------|--|------|------|------|
|   |              | Unit           | 1978  | 1980   | 1986   | 1978 | 1980 | 1986 |
| Whole-people ownership                            | Thousand     |                | 83.7  | 83.4   | 96.8   | 24.0 | 22.1 | 19.4 |
| Collective ownership                              | Thousand     |                | 264.7 | 293.5  | 400.1  | 76.0 | 77.8 | 80.1 |
| Other forms of ownership <sup>1</sup>             | Thousand     |                |       | 0.4    | 2.4  |      | 0.1  | 0.5  |
| Total value of industrial production <sup>2</sup> | Billion yuan |                | 423.1 | 499.2  | 902.8  | 100  | 100  | 100  |
| Whole-people ownership                            | Billion yuan |                | 341.7 | 392.8  | 620.1  | 80.8 | 78.7 | 68.7 |
| Collective ownership                              | Billion yuan |                | 81.4  | 103.4  | 263.7  | 19.2 | 20.7 | 29.2 |
| Individual enterprises of cities and towns        | Billion yuan |                |       | 0.1    | 2.9  |      | 0.6  | 0.3  |
| Other forms of ownership                          | Billion yuan |                |       | 2.9    | 16.1   |      | 0.6  | 1.8  |
| 2. CONSTRUCTION INDUSTRY                          |              |                |       |        |  |      |      |      |
| Number of construction enterprises                | Unit         |                |       | 57,404 | 88,770   |      | 100  | 100  |
| Whole-people ownership                            | Unit         |                |       | 1,996  | 3,608  |      | 3.5  | 4.1  |
| Collective ownership at city and town levels      | Unit         |                |       | 4,608  | 8,976  |      | 8.0  | 10.1 |
| Village construction teams                        | Unit         |                |       | 50,800 | 76,186   |      | 88.5 | 85.8 |

|  | Unit                       | Absolute value |        |        | Proportion of various forms of ownership (percent) |      |      |
|--|----------------------------|----------------|--------|--------|--|------|------|
|  |                            | 1978           | 1980   | 1986   | 1978   | 1980 | 1986 |
| Total production value of construction enterprises | Billion yuan               |                | 26.98  | 80.807 |  | 100  | 100  |
| Whole-people ownership                             | Billion yuan               |                | 20.964 | 56.683 |  | 77.7 | 70.1 |
| Collective ownership at city and town levels       | Billion yuan               |                | 6.016  | 24.124 |  | 22.3 | 29.9 |
| 3. TRANSPORTATION                                  |                            |                |        |        |  |      |      |
| Volume of goods transported <sup>3</sup>           | Billion tons               |                | 2.405  | 2.814  |  | 100  | 100  |
| Whole-people ownership                             | Billion tons               |                | 1.853  | 2.198  |  | 77.0 | 78.1 |
| Collective ownership                               | Billion tons               |                | 0.562  | 0.598  |  | 23.0 | 21.3 |
| Other forms of ownership                           | Billion tons               |                |        | 0.018  |  |      | 0.6  |
| Volume of goods circulated                         | Billion tons per kilometer |                | 1151.7 | 1818.8 |  | 100  | 100  |
| Whole-people ownership                             | Billion tons per kilometer |                | 1126.4 | 1765.0 |  | 97.8 | 97.0 |
| Collective ownership                               | Billion tons per kilometer |                | 25.3   | 53.2   |  | 2.2  | 3.0  |
| Other forms of ownership                           | Billion tons per kilometer |                |        | 0.6    |  |      | 3.0  |

|  |              | Absolute value |        |        | Proportion of various forms of ownership (percent) |      |      |
|--|--------------|----------------|--------|--------|--|------|------|
|  |              | Unit           | 1978   | 1980   | 1986   | 1978 | 1980 |
| 4. SOCIAL RETAIL TRADE, CATERING TRADE, AND SERVICES SECTORS |              |                |        |        |  |      |      |
| Number of organizations                                      | Thousand     | 1,255          | 2,023  | 10,996 | 100  | 100  | 100  |
| Whole-people ownership                                       | Thousand     | 103            | 175    | 306    | 8.2  | 8.7  | 2.8  |
| Collective ownership   | Thousand     | 974            | 1,161  | 1,603  | 77.6   | 57.4 | 14.6 |
| Joint venture <sup>4</sup>                                   | Thousand     |                | 1      | 5      |  | 33.9 | 82.6 |
| Individual ownership   | Thousand     | 178            | 686    | 9,082  | 14.2   | 33.9 | 82.6 |
| Total value of social retail commodities                     | Billion yuan | 155.86         | 214    | 495    | 100  | 100  | 100  |
| Whole-people ownership                                       | Billion yuan | 85.1           | 110.07 | 195.1  | 54.6   | 51.5 | 39.4 |
| Collective ownership   | Billion yuan | 67.44          | 95.49  | 180.4  | 43.3   | 44.6 | 36.4 |
| Joint venture  | Billion yuan |                | 0.04   | 1.52   |  | 0.7  | 0.3  |
| Individual ownership   | Billion yuan | 0.21           | 1.5    | 80.48  | 0.1  | 0.7  | 16.3 |
| Peasants versus nonagricultural residents                    | Billion yuan | 3.11           | 6.9    | 37.50  | 2.0  | 3.2  | 7.6  |

Footnotes:

1. Industries with other forms of ownership include industries of whole-people and collective joint ventures, whole-people and private joint ventures, collective and private joint ventures, Sino-foreign joint ventures, Overseas Chinese and Hong Kong and Macao industrial and commercial joint ventures, and foreign-owned enterprises. The same applies below.



2. Total industrial values of 1978 and 1980 are calculated on fixed prices of 1970, and that of 1986 is calculated on fixed prices of 1980.

3. The volume of goods transported includes only the volume of goods transported by specialized transportation departments and does not include the volume of goods transported by social vehicles and private enterprises. The same applies to the volume of goods circulated.

4. The number of joint ventures includes joint ventures of various forms of ownership and Sino-foreign joint ventures. The same applies in subsequent articles.

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GLORIOUS STARTING POINT FOR THE RECOVERY OF THE DIVINE LAND--IN COMMEMORATION  
OF THE 50TH ANNIVERSARY OF THE '7 JULY' LUGOUQIAO INCIDENT IN THE WAR OF  
RESISTANCE AGAINST JAPAN

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 pp 32-36

[Article by Shi Xiaoyan [4258 5135 1484]]

[Text] Exactly half a century has gone by since the gunfire at Lugouqiao echoed on the ancient land of the Chinese nation. Under the pretext of looking for a "missing" soldier, the Japanese aggressive troops started trouble with the Chinese troops stationed at Wanping half a century ago, namely on 7 July, and ignited the fire of the total war of invading China, while the patriotic Chinese officers and men rose up bravely in resistance. Thus began the war of the entire Chinese nation in resistance against Japan. The spirit of the Chinese army and people to fight the enemy embodied in the Lugouqiao Incident demonstrated the indomitable will of the Chinese nation, and the national war of resistance ignited by this incident became the starting point for the Chinese people to eventually defeat the Japanese aggressors and to recover all lost territory. Reviewing the past and comparing it with the present, how do we account for the fact that the resistance at Lugouqiao should have led to the bitter struggle of the Chinese people that lasted for 8 years? Why was it possible for the Chinese people to perform such a heroic, magnificent and earth-shaking symphonic movement on the arena of the antifascist world war? This is worthy of our earnest review and contemplation, from which to seek helpful revelation.

I

The outbreak of the Lugouqiao Incident was not accidental, but the inevitable result of the ever-expanding Japanese imperialist aggression in China, and the ever-intensifying Sino-Japanese national contradictions.

As a direct consequence of the "18 September" Incident in 1931, Japan annexed Liaoning, Jilin, and Heilongjiang, the three northeastern provinces of China, and founded the puppet "Manchukuo" in succession. Through military actions in 1933, the Japanese Kwantung Army compelled the KMT to sign the "Tanggu Agreement," which actually recognized the Japanese occupation of the north-east and Rehe, and acknowledged eastern Hebei as a nonmilitary zone, in which the Japanese aggressive troops were "free to move." Later, Japan consecutively

signed the "Ho-Umezu Agreement" and the "Zhang-Kenji Agreement" with the KMT; as a result, the KMT main force was elbowed out of Hebei, and even sovereignty over Chahaer was lost. Shortly after this, Japan coupled threats with promises in bringing about the crisis of Nei Monggol and Suiyuan. By the end of 1935, Japan was not satisfied with its demand on north China, but attempted to force the Nanjing government "to become its local government along the Chang Jiang, or to bring its fall." ((Japanese) Kakato Shin: "A History of the Japanese-Chinese War") In August 1936, the rightist forces in Japan determined to make the exclusive Japanese domination of China their "basic national policy." At the same time, the Japanese fascist structure gradually became complete and perfect; correspondingly its military-related industry developed drastically with the expansion of its foreign aggression. Take for instance the gross output value of its land force war industry. It was 47 million yen in 1931, but rose to 120 million yen in 1935; while the output value of guns, ammunition, tanks and fighter planes rose drastically from 23.13 million yen to 95.59 million yen. Within a short span of 6 years between 1931 and 1937, Japanese military expenditures rose from 461.29 million yen to 3,277.93 million yen, and their proportion in the national expenditures rose from 31 to 69 percent. Thus, Japan completed its preparations for its overall aggression in China.

The step-by-step invasion of Japanese imperialism brought great injuries to the lives and properties of the Chinese people and greatly damaged the Chinese economy. To maintain its domination in China's northeast, the Japanese imperialism implemented the policy of "burn all, kill all, loot all," with numerous villages burned to the ground and thousands upon thousands of people in the northeast slaughtered. In the 2 years between 1932 and 1934 alone, more than 67,000 people were killed under the "charge" of "fighting against Manchukuo and resisting Japan." What was more appalling was that, in order to wage germ warfare, the Japanese imperialism inhumanely conducted bacterial experiments on Chinese as guinea pigs. In north China, Japanese imperialism stepped up its economic aggression; as a result the cotton mills in Tianjin, the electric industry in both Peiping and Tianjin, and the banking, mining, railway, and ports in north China were all under Japanese monopoly and domination. Japanese commodities were dumped and smuggled throughout China. Even the horizontal board with the inscription "The First Pass in the World" that used to hang on the city tower of Shanhaiguan was grabbed as booty and sent to Tokyo.

The frantic invasion and economic plunder of Japanese imperialism further intensified the Sino-Japanese national contradiction, and the waves of resisting Japan surged nationwide. However, the Nanjing government continued its tangled sectarian fight after the "18 September" Incident, and at the same time amassed greater and greater military forces to conduct cruel "encirclement and suppression" of various revolutionary base areas under the CPC leadership. Under the reactionary national policy that "priority be given to pacifying the domestic situation before resisting foreign aggression," the KMT Nanjing government made one concession after another to the continuous expansion of the Japanese aggressive forces, while frantically striking at and persecuting the progressive forces. With the outbreak of the Xian Incident in 1936, peace talks between the KMT and the

CPC were realized on the basis of "putting a halt to civil war to unanimously resist Japan." Although the KMT Nanjing government was forced to change in the direction of resisting Japan, its basic policy had not undergone any radical changes. In the first half of 1937, it continued to amass a large number of troops to besiege the CPC guerrillas in various southern provinces, banned more than 10 journals devoted to national salvation including ZHUOJIA [WRITERS] and DUSHU SHENGHUO [READING AND LIFE], secretly interrogated the seven leaders of the Jiuguohui [National Salvation Association] including Sun Junru, dismembered and split the Northeast and Northwest Armies, which favored resistance against Japan, and so on. Thus, the Chinese nation was facing the real danger of national extinction. Under such a situation, the Chinese people had no other choice, "our only way out is to realize nationwide resistance!" ("The CPC Open Telegram on the Offensive of the Japanese Troops at Lugouqiao")

## II

The gunfire of the Chinese officers and men at Lugouqiao represented the hope of the Chinese people for resolutely resisting Japanese imperialism, fully demonstrated the patriotic tradition of the Chinese nation, and brought forward this glorious tradition. The Chinese nation is a nation with a long cultural history, and an important pillar of this culture is precisely patriotism. Such patriotism is embodied in people's profound feelings for their own national culture and the spirit of resistance when this culture meets with sabotage by alien forces, and also in the national binding force and unanimity characterized by "brothers quarreling join forces against attacks from without." Therefore, the frantic aggression and cruel domination of Japanese imperialism in China had angered the Chinese people from the very start.

The first to rise up in resistance were the 30 million Chinese people of all nationalities in the northeast, who had been trampled on and enslaved. Consecutively, they organized anti-Japanese bodies, and put forth the fighting slogan "resisting Japan to save the nation and to recover lost territory." Ma Zhanshan and Li Du of the Northeast Army separately led the Northeast Volunteers to fire the first shot in the war of resisting Japan. The Northeast Joint Forces in Resistance Against Japan under CPC leadership also fought heroically against the Japanese imperialists over the land and hills. No matter where the iron heels of the Japanese aggressors trod, they were sure to meet with the resolute resistance of the patriotic Chinese officers and men. The year 1932 saw the war of resistance at Wusong, Shanghai, under the leadership of Jiang Guangnai and Cai Tingkai of the 19th Route Army. The year 1933 saw the victory of the 29th Army at Xifengkou in the War of Resistance at the Great Wall as well as the Chahaer War of Resistance of the Anti-Japanese Alliance under the leadership of Feng Yuxiang, Fang Zhenwu, and Ji Hongchang. And the year 1936 witnessed the Suiyuan War of Resistance initiated by Fu Zhuoyi. They contended with the nonresistance policy of the KMT in power with their anti-Japanese actions. On the vast land of China, patriotic anti-Japanese waves surged everywhere. Students, workers, peasants, intellectuals, businessmen, national capitalists, and celebrities of the upper strata took action in various forms. They took to the streets in

demonstration, delivered speeches down in the countryside, organized petitions, boycotted Japanese goods, and sent telegrams to the Nanjing government demanding that it implement general mobilization, put a halt to the civil war, and resist Japan in unanimous action. At the same time, progressive forces of every description, including minority nationalities at home and Overseas Chinese abroad supported each other in voice as well as in action. With the aggravation of the national crisis since the latter half of 1936, the spontaneous and organized struggle to resist Japan shaped into an irresistible historical torrent.

If it is recognized that Japan at the time when the Lugouqiao Incident broke out possessed the conditions for invading China, then China at this historical juncture was no longer what it had been in the past, but a new great wall erected by thousands upon thousands of sons and daughters of the Chinese nation, with their determination to march against the enemy gunfire. Regarding this, the eventual gunshots of the officers and men at Lugouqiao in heroic defense served as powerful evidence.

The outbreak of the "7 July" Incident all the more heightened the patriotism of the people throughout the nation; such patriotism took on an unprecedented breadth and profundity. The resistance against Japan and the national salvation movement was no longer partial and regional in nature, since the flames of resistance against Japan spread all over north and south of the Chang Jiang. On the very next day after the outbreak of the incident, the CPC issued a declaration on the resistance against Japan to the people of all nationalities throughout the nation, pointing out: "We demand prompt and resolute counterattack against the offensive of the Japanese troops, and immediate preparations to deal with any major incidents in the days to come. The whole nation, from top to bottom, should promptly give up all hope and idea of seeking momentary ease with the Japanese enemy." ("The CPC Open Telegram on the Offensive of the Japanese Troops at Lugouqiao") At the emergency meeting for all communists and workers of institutes in Yanan, Comrade Mao Zedong issued the call: "All communists and revolutionaries participating in the resistance against Japan should composedly make necessary preparations, and be ready to start for the forefront of resistance against Japan at any time." ("The War of Resistance at Lugouqiao," JIEFANG [LIBERATION], Vol 1, No 11) Acting on orders, the Red Army amassed its forces and made preparations for marching toward the forefront of resistance against Japan. With CPC advocacy, patriotic people in various places took action in succession. Marching in the front rank were young students and workers. On 8 July, organizations such as the front service teams and groups conveying greetings and appreciation were founded in Peiping, with the Pioneers of the Chinese Nation and the city students' union as the core. They launched extensive activities in anti-Japanese propaganda and collecting donations, bringing along voluminous materials including medicine, which were in urgent need at the front, to extend their appreciation to the soldiers and to tend the wounded; some of them even took part in action. The workers of Changxindian sent large amounts of materials and equipment to the construction sites of defense works at the front despite the danger of gunfire. The workers of Japanese-owned factories and workers and staff of Japanese enterprises in Shanghai successively resigned or went on strike, in support of

the anti-Japanese troops at the front. The workers and other patriots in Shanghai, Nanjing, Wuhan, and Taiyuan consecutively organized societies of resistance against Japan in support of the front. The peasants took up the heavy tasks of repairing roads, transportation, and carrying the wounded on stretchers. The intellectual circles delivered speeches on resistance against Japan. Aside from the Han, the Manchu, the Hui, the Mongol, the Korea, the Miao and the Li nationalities actively plunged themselves into the great torrents of resisting Japanese imperialism. Patriotic Overseas Chinese in various parts of the world also supported the just cause of the people at home in various forms. When the masses actively plunged themselves into the activities of resistance against Japan, the KMT was forced to change its attitude of continuously making concession to Japan, and recognized the legitimate status of the CPC. After that, the class structure of the anti-Japanese forces and mass mobilization became wider in scope, and a bright and great future was in store for China.

This fully demonstrated that beyond doubt the gunfire from the Chinese officers and men at Lugouqiao represented the resolute will of the Chinese people on the basis of patriotism to resist Japan; thus it ushered in a new phase of China's political situation. The feats of the heroic struggle of the Chinese officers and men at Lugouqiao had set an example for the Chinese people of all nationalities in their total resistance against Japan. Dong Lingge, Zhao Dengyu, He Jifeng, and Ji Xingwen, who came to the fore in the Lugouqiao Incident were worthy of the title of heroes in the bitter struggle against the Japanese aggressors. The resistance at Lugouqiao had a tremendous impact on all nationalities in the war of resistance against Japan. The sons and daughters of the Chinese nation fully demonstrated such a precious spirit of defending their home and nation with an unbending will in the succeeding battles of Pingxingguan and Taierzhuang, and won respect and honor for the Chinese nation with glorious achievements in severely punishing the Japanese aggressors. Even when the KMT adopted a passive attitude in the resistance against Japan later on, the 8th Route Army and the 4th Army as well as the people continued to bring forward the Lugouqiao spirit of heroically eliminating the enemy under CPC leadership, and persisted in the protracted war of resistance against Japan till the final victory.

### III

At the critical juncture of national survival, the great unity of all nationalities was the prerequisite and the basic strength of national salvation. To unite to resist foreign aggression, there must be a core, which is like a centripetal force, attracting all else around it. The CPC placed the cardinal principle of the national interest above all else, and proposed and enthusiastically pushed forward the founding of a national united front for resistance against Japan, which played a decisive role in the war of resistance of the Chinese troops at Lugouqiao and in the unity of all social strata. It was precisely under the leadership of this united front that a correct orientation was possible for the all-round resistance against Japan with the participation of all classes and social strata in China, while the patriotic congealing force of the Chinese nation turned into an irresistible torrent that drowned the enemy in the resistance against Japan and the national salvation movement.

Shortly after the "18 September" Incident, the CPC proposed the slogan "drive Japanese imperialism away from China with national revolutionary war." Later, the CPC proposed to the KMT the signing of an agreement on resistance against Japan with concerted efforts, under the conditions that they should stop attacking the soviet areas, safeguard the people's rights, and arm the people. With the development of the situation, the outbreak of the north China incident in particular, the Sino-Japanese national contradiction became elevated to a dominant position. With the rapid expansion of Japanese imperialist influence in north China, the contradiction between it and British and U.S. imperialism, and the contradiction between the pro-British and pro-U.S. faction with Chiang Kai-shek as its representative on the one hand, and the pro-Japanese faction with Wang Jingwei as its representative on the other deepened; and a split between them was inevitable. Such new changes in the international as well as domestic situation "proposed the task of establishing a national united front of resistance against Japan for the CPC and the Chinese people." In the spirit of uniting to fight against foreign aggression, the CPC issued the "1 August Declaration" in 1935, appealing to all parties and compatriots of all circles "to struggle for the sacred cause of resistance against Japan and national salvation." Toward the end of 1935, the CPC held an enlarged session of the Political Bureau at Wayaobao in northern Shaanxi, and established the strategic principle of the national united front in resistance against Japan, calling on all classes and people demanding resistance against Japan "to unite and unfold the sacred national revolutionary war, and to drive Japanese imperialism out of China." On 5 May 1936, the Revolutionary Military Committee of the Red Army issued an "open telegram on putting a halt to civil war and negotiating peace to resist Japan unanimously," and expressed the wish to put a halt to the civil war and "hold armistice talks with all troops on the offensive against the anti-Japanese Red Army, to achieve the aim of resisting Japan in concerted efforts." The telegram also advised the Nanjing government: At the critical juncture of national extinction, the Nanjing government should repent and put a halt to the civil war. On 25 August, the CPC Central Committee sent a telegram to the KMT Central Committee, proposing that the KMT and the CPC each send their representatives to talk, and explicitly pointed out, only by achieving a second KMT-CPC cooperation, would it be possible to genuinely realize national salvation.

Meanwhile, the CPC further mobilized the people throughout the nation, and relied on the people's strength to promote the development of the nationwide movement of resistance against Japan and national salvation. The workers, peasants and petit bourgeoisie resolutely demanded resistance against Japan; they were the basic forces in resistance against Japan. "If we fail to absorb thousands upon thousands of workers, peasants and petit bourgeoisie to take part in the national united front of resistance against Japan, a tremendous force of resistance against Japan and for national salvation will not take shape, and we will fail to push forward and compel those wavering elements of the upper strata and the authorities to take the genuine road of resistance against Japan." ("Since the Sixth CPC National Congress," p 781) In December 1935, the famous "9 December" Movement broke out in Peiping under CPC leadership, and the anti-Japanese patriotic student movement reached a climax. The students went among the workers, the peasants,

the businessmen, and the troops to expand the movement of resistance against Japan and national salvation. In response to the "9 December" Movement, around 1 million students and masses of all circles throughout the nation broke through the ban of the Nanjing government. The "9 December" Movement actually pushed forward and prepared for the "7 July" war of resistance.

As for the patriotic personalities in the upper social strata, the CPC worked with them hand in hand to push forward the nationwide resistance against Japan. In May 1936, Sun Junru and others initiated the national salvation association of all circles throughout the nation, to unfold activities of resistance against Japan and for national salvation. Mao Zedong wrote a letter to them in warm support of their patriotic action, and expressed his wish for "closer cooperation" with them. In August, Mao Zedong wrote to Fu Zuoyi, encouraging him "to be determined to resist Japan" and "to exert efforts in national salvation." In his letter to Soong Ching-ling in September, Mao Zedong wrote to express the hope that she would "wake up those elements in the KMT top echelon to be aware of the fact that national extinction is dreadful and that the people's will is not to be made light of, so that they may correct their erroneous policies as quickly as possible." At the same time, Mao wrote to Li Jisheng, Li Zongren and Bai Chongxi, expressing his sincere hope to actively resist Japan, and requiring them "to supervise and to criticize" Chiang Kai-shek's erroneous policies, and "to urge Chiang to correct himself." Pushed forward by both the internal and external situation and the call of the CPC, Generals Zhang Xueliang and Yang Hucheng placed the national interests above all else and adopted the form of military remonstrance on 12 December, and initiated the Xian Incident that shocked the world. To seek peaceful settlement of the incident, the CPC made unremitting efforts, and the Xian Incident eventually became a crux in changing the whole situation, which put a halt to the KMT-CPC civil war, and laid the foundation for the entire nation to resist Japan. With the outbreak of the Lugouqiao Incident, the KMT was forced to accept the CPC suggestion on KMT-CPC cooperation to resist Japan in concerted efforts, and reached agreement on some specific issues regarding cooperation. Hence, the national united front in resistance against Japan formally came into being. Just as Comrade Mao Zedong pointed out at that time: "It will exert a widespread and profound influence on the Chinese revolution and play a decisive role in defeating Japanese imperialism." ("Selected Works of Mao Zedong," Vol 2, p 335)

With the establishment of the national united front of resistance against Japan, the KMT and the CPC as well as the troops under their leadership waged the nationwide war of resistance against Japan. In the frontal areas under KMT rule, the patriotic officers and men did their best and made important contributions to defending the motherland and resisting the enemy. In the KMT troops were such commanders as Zhang Zizhong, Hao Mengling, Wang Mingzhang, Wu Shimin, Li Jiarui, Chen Anbao, Dai Anlan, and Xie Jinyuan, who sacrificed their lives for the nation. There were also such famous campaigns as Wusong, Shanghai, Xinkou and Kunlun Pass, in which bitter battles were fought. Because the KMT was not determined enough to carry on the war of resistance, the resistance lasted for only 15 months between July 1937 and October 1938; during this period, the KMT troops suffered serious defeats on both the northern and southern battlefields and lost vast territory,



almost half of the country in north, east, central, and south China, and the Chinese people suffered unprecedented disasters. For its part, the CPC resolutely relied on the people's strength to defeat the Japanese aggressors, and fully mobilized, organized and armed the masses in order to turn the war of resistance against Japan into a people's war. The 8th Route Army, the New 4th Army and other armed forces under the CPC leadership overcame all kinds of difficulties and hardships, including the restrictions and sabotages of the KMT ruling clique, and fought against the overwhelming majority of the enemy troops on the vast land of China. By 1945, they had fought against 758,000 Japanese soldiers, accounting for 69 percent of the entire Japanese troops in China; they fought against 955,000 puppet soldiers, accounting for 95 percent of the entire puppet troops. In the 8-year war of resistance against Japan, the people's army under the CPC leadership eliminated more than 1.714 million Japanese and puppet troops, of which Japanese troops accounted for 527,000, and made great contributions to the victory of the national war of resistance against Japan.

The victory of the war of resistance against Japan wiped out the humiliation of the Chinese people in imperialist invasion in modern history, and the war of resistance against Japan became the first complete victory in a war against aggression in modern Chinese history. This 8-year war of resistance with the participation of the entire nation left an indelible impression on those who personally experienced it, and serves as a helpful and profound revelation to later generations. If it is acknowledged that the cause of the outbreak of the incident was the Japanese imperialist ambition for an all-out invasion of China then the indomitable spirit of the Chinese people had determined that inevitably they would rise up to resist, and persist in the war unremittingly until the final victory. The facts beginning with the Lugouqiao Incident to the end of the 8-year war of resistance against Japan fully demonstrate that the sense of historical responsibility, the staunch will to fight to the end against the enemy, and the heroic spirit of sacrificing all one has to defend the motherland are precisely China's national spiritual pillar, which has a great congealing force, and is forever making itself stronger. History proves that such a patriotism which places the nation's interests above all else is capable of breaking through class antagonism, differences between political parties, and ideological disputes. Both the KMT and the CPC and other patriotic political forces made concessions and even sacrifices in the establishment of the national united front in resistance against Japan as well as the 8-year war of resistance. In fulfilling the magnificent task of China's unification today, both the KMT and the CPC are required to display the same spirit and reason, and to make contributions to the Chinese nation in concerted efforts. History also proves that the national united front founded on the basis of patriotism must come under the leadership of the party representing the advanced class, and only then will it be possible to continuously clear away interferences and sabotages, to guarantee progress along the correct direction, and to fulfill the glorious mission history assigns us. The national united front of resistance against Japan was precisely under CPC leadership; it was through the concerted efforts of the people throughout the nation that the Japanese aggressors were driven out of China, the Chinese nation which has a history

of 5,000 years and a brilliant culture was preserved intact, and the great Chinese nation has once again won the respect of all nations in the world. We believe, under CPC leadership, the Chinese people who have stood on their own feet in the forest of nations today will score still greater accomplishments in socialist construction.

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## ENLIGHTENMENT FROM THE DEVELOPMENT OF EDUCATION THROUGHOUT THE WORLD

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 pp 37-42

[Article by Gu Mingyuan [7357 2494 6678]]

[Text] The CPC Central Committee's "Resolution on the Reform of the Education System" states: "In our education system reform, we must review our past practical experience, and pay attention to taking as our reference other countries' experience, positive or negative, in developing educational undertakings." The course of development in education in various countries of the world over the past 40 years or more since World War II furnishes rich experience which we should conscientiously study and ponder. Many educationists hold that the universalization of education has played an important role in enabling postwar Japan and West Germany to rapidly achieve economic recovery and become great world economic powers. This view is not unfounded. Education naturally needs a material foundation, whose formation depends on economic development, but, conversely, the universalization of education can promote economic prosperity and the upgrading of productive forces. In particular, under the condition of the current new technological revolution, the conception, popularization, and application of a series of fruits of scientific and technological research invariably depend on education as a basis.

The development of world education over the past 40 years or more has generally undergone two stages, and a third is beginning.

The first stage lasted from the 1950's to the early 1970's. It saw great development and reform in education in various countries of the world.

First, after World War II, drastic changes in the political situation occurred throughout the world. A number of socialist states were founded. Many countries under colonial or semicolonial rule became independent. In the capitalist countries, democratic movements flourished and the masses of people called for democratization in politics and education, and demanded that people of all strata enjoy equal rights in education. Although the bourgeoisie of the West always attempted to suppress democracy, postwar democratic movements promoted democracy in education, and led to great educational development in various countries in the 1960's.

Second, new sciences and technology developed during World War II to satisfy military needs promoted the development of productive forces. Since the mid-1950's, the economies of capitalist countries have entered a new period of prosperity. Economic development required the training of qualified personnel through education. "Human resources development" was initially put forward in the 1970's as a condition for rapid economic development. Thus, secondary school education was soon universalized, and higher education also enjoyed unprecedented development.

Third, the tremendous postwar development of science and technology meant that what was being taught in schools lagged behind real-world needs. Men of insight in many countries vigorously advocated reform of what was being taught students. This reform was promoted by the Soviet Union's launching of the first man-made earth satellite in 1957. In 1958, the U.S. Congress passed the "National Defense Education Act," according to which appropriations for education were increased, mainly for upgrading the teaching of mathematics, natural sciences, and modern foreign languages in schools at various levels; additional science laboratories were provided in schools at various levels; and methods for selecting and training "talented" students were laid down. Large numbers of scientists and teachers were organized to compile new teaching materials for secondary and primary schools to modernize what was taught students. The modernization movement in education spread throughout the world.

Major scientific and technological breakthroughs promoted the modernization of social production. Modern production needs technical workers and various professionals attaining definite standards of education and scientific training. Thus, after the war, various countries paid great attention to vocational and technical education, and gradually established a vocational and technical education system. For example, West Germany's colleges for professional training, France's technical universities offering short-term courses, Japan's technical colleges, and so on, were all set up in the 1960's.

With the continuous development of new scientific and technological achievements, and with their quicker application in production, a single round of training for everyone was no longer adequate. Thus, people were forced into continuous learning, and to receive retraining to cope with the needs arising from changes in production. The idea of "lifelong education" appeared in the 1960's, as the times required. Opportunities for adults to pursue further studies were created as mass media like broadcasting and television developed, various categories of schools, such as open television and correspondence universities, sprang up like bamboo shoots after spring rain, and full-time institutes of higher learning began to admit adult students. Thus, the concept of education was extended in terms of both time and space.

The growth during that period shows that the development and reform of education are objective requirements for social, political, and economic development, but, in turn, they powerfully promote economic development. The American education specialist (Noah) [6179 0068] made a comparative study of 16 nations with rapid economic growth and 26 nations with relatively

slow economic growth, and drew the conclusion that, where educational development was faster than economic development, economic growth would be rapid, and vice versa.

The second stage lasted from the mid-1970's to the early 1980's. Globally, education was experiencing a time of difficulty and uncertainty. The oil crisis, which began in 1973, caused a global economic crisis in the capitalist world, which had a gravely adverse impact on educational development in capitalist countries. This was mainly reflected in the following:

First, graduates had difficulty in finding jobs. University graduates were in oversupply, and unemployment increased. This was obviously caused by the slump resulting from the economic crisis.

Second, the quality of education fell. The modernization and reform of education in the 1960's stimulated advances in the quality of education, and helped train a contingent of outstanding qualified personnel. However, the modernization of education had negative effects. In the compilation of new teaching materials, attention was paid to including new scientific achievements, at the expense of considering students' learning ability. New teaching materials tended to be overly advanced and difficult. Moreover, certain aberrant trends of thought in education helped undermine students' basic knowledge. The fall in the quality of primary and secondary education affected the quality of higher education and that of workers. In April 1983 after 18 months of extensive survey, the U.S. Education Quality Commission issued an open letter to the American public, entitled "The Nation in Peril: Pressing Need for Educational Reform," which warned that America's unquestioned lead in the industrial, commercial, scientific, and technological fields was being eroded by its rivals in the world. America was in a perilous situation, mainly because the educational foundation of the American society was being undermined.

The developments in education during this period show that the economic situation was still a constraint on educational development. Although the economic crisis caused a sentiment of despair, politicians, entrepreneurs, and educators still paid great attention to education, and attempted to rely on educational reform to train new scientific and technological personnel, promote development of new industries, and seek ways to defuse the economic crisis.

Currently, world education is entering the third stage of development since the war. The present technological revolution causes science to develop in two directions: division and synthesis. These two directions appear to be opposite, but if one goes deeper into the micro- and macro-aspects of the material world, one more solidly understands unity in the material world and the close connection between various disciplines. The opening of a new realm of science and technology requires various branches of scientific research to cooperate and conduct comprehensive studies. The application of new scientific and technological achievements in production and social life will inevitably cause major changes in social life, and thus call for the integration of natural and social sciences. The increasing unification of science,

technology, and production is changing the nature and specific tasks of labor, so that new changes in social division of labor are emerging, and social labor depends, to an increasing extent, on intellectual abilities, and is gradually becoming scientifically oriented. The appearance of new means of information transmission and tools of awareness is extending the people's field of vision. Machinery born out of past scientific and technological revolutions merely replaces, or reinforces, man's physical efforts, but certain fruits of the new technological revolution enable mental effort to be replaced or reinforced. The drastic social changes caused by the new technological revolution pose a series of new demands on education. The orientation of development of education is currently a matter of concern for politicians and educationists in various countries of the world. Therefore, these countries are undertaking, or planning, a new educational reform. The many new features of this reform include the following:

1. Raising the quality of teaching is the central task. In the United States, after publication of the open letter in 1983, a national symposium on the quality of education was held in December 1983, at which Secretary of Education Bell [6296 3643] put forward four educational objectives to be achieved in 5 years: First, by 1989, high-school graduates in all 50 states should have studied English language for 4 years, and mathematics, science, and social studies for 3 years during the last 4 years of the high-school course; second, by 1989, the results achieved by all high-school graduates in academic and U.S. college tests should surpass results achieved by graduates in 1965; third, in various states, the enrollment consolidation rate must be raised and the dropout rate lowered to below 10 percent; and fourth, various states must make teaching a more attractive profession; the starting salaries of college-graduate students must be on a par with those enjoyed by business administration or engineering degree holders; and a hierarchy for the teaching profession and wage scale for experienced senior teachers must be set up, so that the most outstanding teachers can receive the highest wages.

In Britain, a secondary school science curriculum study committee was established in 1981, and 2 million pounds was earmarked for a study of the secondary school science curriculum, to be completed in 1986. The senior secondary school curriculum was to be widened, so that students would gain more knowledge from a wider range of specialties, the convention of confinement to a small number of academic subjects be ended, and students be better able to cope with the need to seek jobs and pursue further studies in the future.

The Soviet Union announced in April 1984 the "Basic Policies for Reform of Ordinary, Vocational, and Technical Schools," according to which the length of schooling would be extended, children would start school at an earlier age, the scope of vocational and technical education would be expanded, and the standard of general education in vocational and technical schools raised to improve the educational standard of all workers.

2. Education is more closely linked to modern production and real life, and is also integrated with productive labor. The modern educational system model

is a post-industrial revolution product. The integration of education with productive labor is a general law governing modern education. This integration was discussed at the 38th UNESCO Education Conference, convened in 1981. In Western countries, cooperation between enterprises and institutes of higher learning has become increasingly close in recent years. This has been particularly prominent in new technological realms, like biological engineering, microelectronics, robotics, and so on. Enterprises finance the setting up of relevant laboratories in institutes of higher learning, which, in turn, launch scientific research to train technological personnel, for the enterprises. The Soviet Union announced, in June 1986, the "Basic Policies on the Reform of Postsecondary and Secondary Technical Education in the USSR," according to which the unification of education, production, and science is stipulated as a major policy and basic lever in the reform of postsecondary and secondary technical education. Earlier on, in the 1970's, the teaching-science-production combine, a new form of organization, through which institutes of higher learning undertook scientific research and teaching work, began to appear in the Soviet Union. Through these combines, schools and enterprises in the national economy extensively cooperate. According to statistics, by 1977, there had been established in the Soviet Union's institutes of higher learning over 540 modern laboratories for research in special fields and over 770 departmental laboratories financed from investment by various departments. In 1978, 77 institutes of higher learning participated in the teaching-science-production combine scheme.

In the United States, Britain, France, West Germany, Japan, and so on, the connection between institutes of higher learning and industrial enterprises has also been strengthened. In particular, new industrial enterprises have signed various categories of contract with institutes of higher learning, taking advantage of their superior intellectual resources to research new technology and products, so as to have stronger competitive ability.

"Augmenting the vocational element in general education and the general-education element in vocational education" currently constitute the main trend of development in secondary education. Augmenting the vocational element in general education means that, with the universalization of secondary education, ordinary secondary schools must prepare students not only for more advanced studies, but also for future employment; therefore, the proportion of vocational education must increase. Augmenting the general element in vocational education means that the new technological revolution education means that the new technological revolution poses more stringent demands on the educational standard of the labor force, so that vocational schools must raise their general educational standard. This is the most prominent aim of the Soviet Union's educational reform in recent years. This reform calls for extending vocational and technical education, and also raising the cultural and general knowledge standard of students of vocational and technical schools to that of their counterparts in ordinary senior secondary schools. Moreover, vocational training is to be strengthened in ordinary senior secondary schools to prepare graduates psychologically and technically for employment. Gradually extending vocational education to secondary schools to upgrade the educational quality of technical personnel is also a developmental trend.

3. The emergence of new subjects also demands a change in students' knowledge patterns. In the 1960's, primary and secondary education was modernized through a major change in what was taught. However, new demands have continually arisen with the rapid development of science and technology. Some scientists hold that there should be a minor change in teaching materials for primary and secondary schools once a year, and a major change once every 5 years. For one thing, new fruits of scientific research must be continually incorporated into teaching materials; and for another, the selection and refining of teaching materials must be stressed, so that students can satisfactorily master basic knowledge and find learning less burdensome. In the past several years, there has been widespread keen interest in the computer, and many countries have begun to fully introduce information technology in primary and secondary schools. In 1983, 85 percent of the senior high schools and 77 percent of the junior high schools in the United States possessed at least one microcomputer, and about 30 percent of the schools used computers in teaching. Britain also endeavors to universalize microelectronics education. Each of its 5,500 secondary schools possesses at least one microcomputer, and half the primary schools also possess microcomputers. The Soviet Union is striving to catch up. Since September 1985, it has been implementing a computer education program for senior secondary school students.

University students' knowledge patterns are also changing. They must possess both broad-based general knowledge and relatively advanced specialist knowledge. Therefore, the composition of subjects and specialties in institutes of higher learning must also correspondingly change. The overall trend of development is that, in institutes of higher learning, the teaching of undergraduates tends to be confined to the realm of basic theory, with the teaching of specialties postponed to the postgraduate stage; synthesized curricula and interdisciplinary specialties tend to be introduced; and so on.

4. In this new reform, importance is generally attached to the comprehensive and harmonious development of moral, cultural, and physical qualities. In the West, modernization has continuously aggravated, rather than reduced, juvenile and youth crime and decadence in many areas of spiritual life, so that parents worry about their children becoming delinquent, and have been calling on the schools to strengthen moral education. Some problems can never be solved, because they are due to the capitalist system. Nevertheless, moral education is now an important topic for discussion at international education conferences. Many countries have introduced moral and civic education into primary and secondary school curricula, and have been studying the formulation of norms governing ethical values and moral behavior for students to follow. "Part III of the Summary of the Progress of Deliberation," published in January 1986 by Japan's Provisional Council for Deliberation on Education, proposes the following crucial way to improve general education: "Every student's individuality and character must be respected. Not only must students' intellectual abilities be developed, but their conduct and sentiments should also be nurtured, so that they can become physically and mentally well developed, with all-round and well coordinated development."



5. Generally, teacher quality and the increasing of remuneration for teachers are stressed. The teacher quality problem has been encountered by many countries in their modernization of education. Both teachers and students are unused to many new categories of teaching material, and it should be said that the more serious problem lies with the teachers, who cannot make students understand new scientific knowledge to a considerable depth through simple explanation. In the United States, there has been a great national debate on the deteriorating quality of secondary education. Many scholars say that this has been due to the deteriorating quality of teachers, and the current educational reform must start with improving teacher quality. The appropriate measures now adopted by the United States are: 1) Working at a more rigorous system of selection and employment of teachers; 2) strengthening in-service teacher training; 3) providing preferential loans to university students who want to become teachers, thus inducing students of higher ability to become teachers; and 4) instituting awards for outstanding teachers.

It can be observed that current educational reform is more thorough and deep-going than previous attempts. Any country adopting correct and appropriate reform measures and acting decisively will have scientific and technological development in its grasp, and successfully strengthen its own competitive ability in the realm of science and technology. Otherwise, it will lag behind the times as science and technology develop.

The progress in postwar global educational development can enlighten us in the following ways:

First, we must continually enhance our understanding of education's strategic role in modernization. Considering the postwar educational development in the world over the past 40 years, we can see that economic development is the basis for educational development. It prescribes its own requirements for the scale and speed of educational development, and also the objectives and scope for training qualified personnel. Moreover, economic development furnishes material conditions for educational development. We must not consider the speed and scale of educational development in isolation from the existing level of economic development. Conversely, educational development will promote economic development. Contemporary international economic competition actually amounts to that in the realm of qualified personnel and education. Under the conditions of the new technological revolution, modern production is impossible without science, technology, and qualified personnel trained in various specialized fields through education. Precisely on the basis of this knowledge, many countries not only pay attention to extending the scale of education, but attach particular importance to raising the standard of universal education (increasing the number of years of universal compulsory education for each student) and changing what is taught, so that education not only is well coordinated with economic development, but also precedes the economy in certain arenas, making preparations for, and creating, conditions for further economic development. The mission of contemporary education consists in both transmitting knowledge to the next generation, thus achieving the reproduction of scientific knowledge, and creating new scientific knowledge. Many contemporary

scientific discoveries and technological inventions arise from experimentation in universities. Institutes of higher learning are now important bases for scientific and technological development. In developed countries, universities play a central role in the establishment of many new industries. Combines integrating teaching, scientific research, and production are vigorously developing, and powerfully promoting, economic development. If we want to catch up with the developed nations economically and attain our grand goals, we must realize the importance of education, feel the pressing need for educational development and reform, and grasp educational work as seriously as we grasp economic work.

Second, we must vigorously universalize and strengthen elementary education. We should study which level should be tackled first in developing education. Japan's experience tells us that strengthening elementary education and improving worker quality will enormously promote technological transformation and economic development. We must attach great importance to strengthening elementary education aside from developing higher education and training high-level specialists. In this connection, developing countries' postwar educational development also provides us with valuable lessons. Many newly independent national democratic states want to consolidate their political independence and develop their national economies, and are badly in need of various categories of cadres. Therefore, they vigorously develop higher education, without adequately paying attention to elementary education. Consequently, higher education develops faster than the economy, leading to unemployment among scientific and technological personnel, a brain drain, and wastage of qualified personnel's skills. The CPC Central Committee's "Resolution on the Reform of the Education System" stipulates that China should universalize 9-year compulsory education by the end of this century. This is a very wise and resolute decision. Elementary education affects our people's, workers', and higher education's quality. We must vigorously implement the CPC Central Committee's resolution on universalizing 9-year compulsory education and improve the quality of elementary education.

Third, we must earnestly study the problems of education in China and end all these old educational ideologies, materials, and methods incompatible with the new technological revolution and our socialist modernization. I think the new technological revolution affects education in the following several ways:

1. The changes in industrial structure and labor force composition caused by the new technological revolution pose new demands on education. Currently, in developed nations, the size of the work force in primary industry has been reduced to the minimum, the proportion of workers in secondary industry is falling, and the contingent of workers and enterprise management personnel in tertiary industry is continually expanding. China's current situation reverses this trend. Peasants in primary industry form the bulk of our work force, and only around 12 percent of our total work force belong to tertiary industry. This situation is beginning to undergo a continuing change. Education must be compatible with this change. In line with the need for economic development, vocational and technical education, particularly important to tertiary industry, must be vigorously developed, and the

traditional ideology of belittling vocational and technical education must end. In developing vocational and technical education, various countries have continually raised the standard of general academic education as a constituent part of vocational and technical education. China should pay full attention to this. In developing vocational and technical education, we must guard against students specializing too early, because technological progress and changes in the economic structure are very rapid, and thus specializing too early will mean greater difficulty in effecting changes in labor and retraining. Moreover, we must pay attention to providing vocational and technical education in ordinary middle schools, training students in working skills and psychological preparedness for participating in economic construction.

2. New achievements and developments in science and technology will inevitably affect what is taught in schools. We must continue to change what is taught so that it will reflect new achievements in science and technology and also be suitable for the cognitive abilities of students in various age groups. We must institute new subjects, like computer application, environmental protection, knowledge of the legal system, and so on. However, we must learn lessons from developments in education in the 1960's in many countries; that is, we must not weaken elementary education. Only by firmly mastering basic knowledge can people more satisfactorily adapt to new changes in science and technology. In particular, the quality of three basic subjects: Chinese language, mathematics, and foreign languages must be upgraded. The obsolete spoon-feeding method of teaching must be changed, and students' interest, enthusiasm, and initiative in learning must be enhanced. The reform of teaching must proceed from reality and things to be taught must not be one-sidedly increased and made more difficult. The current situation warrants appropriately lowering the level of difficulty and lessening the students' burden so that they can develop initiative in learning and find learning lively, and the quality of teaching can really be upgraded.

3. New means of information transmission and new tools of knowledge will change the means and methods of education. We must fully use modern means and techniques in education to improve the quality of teaching. China currently lacks funds for education and cannot yet use teaching machinery and advanced instruments and equipment on a large scale. However, those schools with adequate resources should gradually change the centuries-old traditional chalk-and-talk teaching method. Conditions for modernization must be gradually created. While the acquiring of additional instruments and equipment must be vigorously planned for, particular attention must be paid to software production. The education department must plan for the establishment of a teaching software supply company to supply schools with teaching software for various subjects.

4. Modernization of production and social life cause ideological changes. Therefore, schools must strengthen and improve the substance and methods of ideological work. Many countries in the world now attach great importance to this matter. Of course, the capitalist countries, proceeding from their own interests, teach students that they should in the first place be

contented, law-abiding good citizens who will not disrupt the setup of capitalism. However, it can be seen that reinforcing moral education is a demand of the times, and an important way of improving student quality. China's economic system reform has given rise to many theoretical problems concerning socialist construction. This change also affects people's value judgment on many things. Moreover, opening China to the outside world gives rise to new tasks facing school education. We must study how to make ideological education for students appropriate to the new situation, and turn schools into major bases for building spiritual civilization.

Fourth, we must arduously strive to strengthen the building of the contingent of teachers and improve teacher quality. Attaching importance to education in the first place calls for attaching importance to teachers. Students' acquisition of knowledge, development of intellectual abilities, and formation of a world outlook all depend on teacher standards and efforts. All nations consider raising teachers' pay and professional quality a basic condition for improving the quality of education. The current quality of the contingent of teachers in China is a serious problem. If any breakthrough point exists in educational work, then it is the improvement in the contingent of middle and primary school teachers. Solving this problem will make other problems easy to solve. Changing the current situation for our contingent of teachers depends on the training of new qualified teachers by normal schools and colleges, but it is even more important that incumbent teachers must become qualified through training. This job is more arduous than training new teachers. Therefore, we must pay special attention to strengthening normal education and resolutely correct the outmoded ideology of viewing normal schools as inferior to ordinary senior secondary schools and normal colleges as inferior to comprehensive universities. Because it has always been the case that less money is allotted to normal colleges than to comprehensive universities, and the former's equipment is inferior to the latter's, some normal colleges do not feel at ease about "being a teacher-training institute." A teacher-training institute should be exemplary and advanced. In future, priority should be given to increasing expenditure for normal education under the condition of an increase in educational expenses, so that equipment can be replaced. Priority must also be given to the capital construction of normal schools and colleges, so that they can develop their potential, expand their enrollment, and help fill existing vacant teaching positions. Only if normal education is of a good standard can learned scholars be induced to teach at normal schools and colleges, and can outstanding youths be induced to receive teacher training. The bad habit of looking down on teachers can then be completely ended.

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EXPOSITIONS ON SEVERAL IMPORTANT VIEWS IN THE REVISED AND ENLARGED EDITION OF  
'BUILDING SOCIALISM WITH CHINESE CHARACTERISTICS'

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 pp 43-46

[Third part of article by the HONGQI Theoretical Education Editorial Office;  
capitalized passages published in boldface]

[Text] III. On Reform, Opening Up, and Invigoration

[By Shi Zhonglai [0670 0022 0171]]

7. "IN ORDER TO DEVELOP THE PRODUCTIVE FORCES, WE MUST CARRY OUT REFORM OF THE ECONOMIC STRUCTURE AND IMPLEMENT THE POLICY OF OPENING TO THE OUTSIDE WORLD." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 116)

Since the founding of the PRC, we have carried out socialist transformation of the system of private ownership of the means of production and established the socialist system, which has resulted in development of the social productive forces. In the last 30-plus years, the developmental changes in our country have shown that the socialist system is vastly superior. It is the basic guarantee of our country's prosperity and the people's prosperity and happiness. However, the reason the superiorities of the socialist system have not been able to be fully brought into play is not, as some people have stated, because the socialist system has "skipped a stage," but rather is due to the "leftist" ideological influence and our lack of experience in construction. Some things which fetter the development of the productive forces have, for a long period, been staunchly defended as being socialist in nature, while some practices which accord with the demands of the development of the productive forces and accord with Marxist principles, have been considered "rightist" things and been excluded and criticized. Thereby an ossified economic management system which is not in accord with the demands of developing the productive forces has been formed, seriously inhibiting the enthusiasm of enterprises and the laboring masses. This has resulted in socialism, which should be dynamic and vigorous, losing much of its vigor.

Comrade Deng Xiaoping has proceeded from our country's actual situation, summed up the experience and lessons of our country's economic development and proposed that the reform of the economic structure and the implementation

of the policy of opening up to the outside world will open up wide avenues for the development of the productive forces.

1. Only with reform and opening up will it be possible to fully motivate the enthusiasm of the 800 million peasants and promote the development of the rural productive forces. Agriculture is the base of the national economy. Of our country's 1 billion population, 800 million are in the rural areas. Practice has proven that the rural economic system established in the past on the basis of being "large in size and collective in nature" was divorced from the actual level of our country's agricultural productive forces and the consciousness of the peasants. Also, it was not suited to the dispersed nature of agricultural production and the widely disparate natural conditions. This fettered the production enthusiasm of the peasants. After the 3d Plenary Session of the 11th CPC Central Committee, we began carrying out reforms in the rural areas, and implemented a new system with the family production-linked responsibility system as its center. This adheres to the socialist direction, the operational forms are rather flexible, unified and dispersed control are combined, rewards are tied to output, responsibilities are clear, interests are direct, and it accords with the levels of the productive forces at the present stage, and the common hopes of the peasants of becoming prosperous through hard work. Thereby it greatly motivates the production enthusiasm of the peasants and has prompted the speedy development of agricultural production. In the last 8 years, the total social output value in our country's rural areas has grown annually by an average of 10.7 percent. This is 6 percent higher than the average growth in the previous 29 years. The per capita income of the peasants has grown 2.18 times. Now the commodity rate for industrial and agricultural products in the rural areas has reached 68.1 percent. These growth rates are the highest since liberation.

2. Only through reform and opening up will it be possible to further motivate the enthusiasm and creativity of enterprises and the vast number of staff and workers, and promote the faster development of the urban economy. In our cities, there are now over 1 million enterprises with over 100 million staff and workers. Apart from agriculture, urban industrial, transport and commercial enterprises are the major undertakers of material production and commodity circulation. They are the leading force in the development of the social productive forces and in technological progress. They have solid material and value. Regardless of whether we speak in terms of the material products they produce, the technology and service they supply or the profits and taxes they turn over, they have a decisive position in the national economy. Whether these enterprises, and especially the medium- and large-scale backbone enterprises, can be invigorated, and whether the enthusiasm and creativity of the vast numbers of staff and workers can be fully brought into play will have a direct effect on the success or failure of the four modernizations. A major problem in the old economic system was that enterprises lacked appropriate vigor. Only when socialist enterprises are relatively independent commodity producers and operators and they have production operations decisionmaking power, will they have vigor. Only when enterprises have their own relatively independent economic interests and when operational results and enterprise income are linked will they have capacity and

motivation to develop themselves and have their own accumulation. This is a precondition for developing the urban productive forces. Since 1984, with the strengthening of enterprise vigor as the central link in the urban structural reforms and through various forms, we have appropriately realized the separation of the two powers, expanded enterprises' decisionmaking power, increased enterprises' retained profits and increased enterprises' capacity for self-transformation and self-development. Thereby, enterprises' vigor has been increased, enterprises' motivation to increase production and increase profits has grown and their enthusiasm for developing production has increased. At the same time, through reform and the serious implementation of the principle of distribution according to labor, the egalitarianism in distribution has been done away with, many enterprises have linked up staff and workers' income with the enterprise's economic results and implemented the idea of more work more pay, less work less pay, encouraged the industrious, penalized the lazy and increased the differentials between workers' income. This has also raised the enthusiasm and creativity of the masses. Of course, our country's urban structural reforms are still in the early stages, and the task of further invigorating enterprises is a very heavy one.

3. Only with reform and opening up will it be possible to establish a planning system and macroeconomic management system which consciously uses the law of value, and promote the speedy development of a planned commodity economy. The fettering of the productive forces by the old economic system was not only manifested in the relationship between the state and enterprises, and between enterprises and staff and workers, but also manifested in the macroeconomic areas in aspects such as the circulation system, the goods and materials management system and the financial system. For example, directive planning and administrative measures were stressed to an inappropriate degree, the law of value was not respected and the important roles of economic levers and the market were overlooked. This restricted the development of commodity production and exchange. The overall reforms which we are carrying out today, which include the planning system, the financial system, the pricing system and the goods and materials management system are aimed at getting rid of the above-mentioned problems of the old system, at creating conditions for developing the planned commodity economy and at promoting the development of the productive forces.

4. Reform and opening up are beneficial to our study of and use of foreign science and technology, management experiences and cultural knowledge, our drawing in of foreign funds and the speeding of socialist modernization. Today, with the high degree of commodity production and socialization of production, no country, regardless of its system, can develop itself while cut off from the world. Trade and economic and technological interflow between countries is historically inevitable. Our country, with its backward economy, and with the great disparity between the level of our productive forces and those of developed countries, even more needs to strengthen its relationships with the various countries of the world. One of the major reasons China has for a long period been in a situation of stagnation and backwardness is that it closed itself off to the world. After the establishment of the PRC, people blockaded us and for a time we engaged in closing

ourselves off, and engaged in construction with the door closed. Experience has proven that isolating oneself from the world and engaging in construction with the door closed will not be successful. It will only ensure that one's avenues become progressively narrower. Only by persisting in opening to the outside world will it be possible to study from the developed countries advanced science and technology, operational management methods and cultural aspects which are beneficial to us, and draw in foreign funds to supplement our country's insufficiency of construction funds. At the same time, through expanding foreign economic trade dealings, we will be able to mutually help each other and can use other's strengths to make up our own deficiencies. Our opening up of the coastal area as an open economic region is not only beneficial to developing the coastal economy, but can ensure that the superiorities of the coast and the hinterland are combined, with each supplementing the other. Since the 3d Plenary Session of the 11th CPC Central Committee, we have opened up 14 coastal cities, the Changjiang and Zhujiang deltas and the southern Fujian triangular region. These areas have used \$20.7 billion in foreign credit and \$8.2 billion in direct foreign investment and established a total of over 3,210 Sino-foreign joint ventures, over 4,390 Sino-foreign contractual joint ventures and 138 wholly foreign-owned enterprises, with an investment of \$19.1 billion. By the end of 1986, the four special economic zones had signed agreements with foreign businessmen for 3,000 investment projects. The total investment involved in the agreements with foreign businessmen was \$5.47 billion and the foreign funds actually used total \$1.6 billion. Through the import of foreign funds, we can supplement our country's insufficiency of construction funds and promote the building and opening up of communications, energy and basic facilities such as ports, railways, coal mines, power stations, and oil fields. In 1986, total imports and exports were valued at \$59.8 billion, a growth of nearly three times 1978 levels. From 1979 to 1985, the average annual growth of total imports and exports was 24.6 percent, 3.2 times the average annual growth figure of 7.7 percent in the previous 29 years. Overseas, our country is engaged in 277 joint operations and solely-financed enterprises in over 50 countries and regions. Over 50,000 persons have worked abroad under labor contracts. Also, a large number of students and advanced students have been sent abroad to study and engage in research, and we have engaged some foreign experts to come to China to teach and work. All of these aspects are beneficial to speeding our country's modernization.

Reform and opening up are mutually related and promote each other. Opening to the outside world expands our views, enables our country's economy and technology to be geared toward the intense competition of the world market, enables departments and enterprises to see their own shortcomings and increases the motivation and pressure to develop production and speed technological progress. Drawing in foreign funds, advanced technology and management experiences is of help in improving the quality of our enterprises and speeding the developing of a planned commodity economy. Also, deeply carrying out structural reform, destroying the rigid old system and reforming the internal and external relationships of enterprises, creates conditions for further opening up and promotes better opening up. In reform and opening up, as long as we adhere to the four cardinal principles and eliminate the interference which comes from the "left" and the right, our



country's productive forces will certainly see faster and greater development and the superiorities of the socialist system will indeed be more fully brought into play.

[By Xiao Cao [2556 5430]]

8. "INDUSTRY HAS INDUSTRIAL CHARACTERISTICS WHILE AGRICULTURE HAS AGRICULTURAL CHARACTERISTICS AND SPECIFIC EXPERIENCES CANNOT BE COPIED. HOWEVER THE BASIC PRINCIPLE IS TO HAVE RESPONSIBILITY SYSTEMS--THIS IS DEFINITE." (Deng Xiaoping: "Building Socialism With Chinese Characteristics," revised and enlarged edition, p 16)

This is an important idea of Comrade Deng Xiaoping in respect of reforming the economic management system, and it has great guiding significance in the present deepening of the enterprise reforms.

Since the 3d Plenary Session of the 11th CPC Central Committee, many major changes have occurred in our country's economic life. One of them has been the gradual implementation of diverse types of production responsibility systems. They first showed their great vigor in the vast number of villages and later in the urban reforms showed their wide applicability and fine economic and social benefits. Because agricultural production and industrial production have different characteristics, we cannot directly transfer the specific forms of agricultural responsibility system to industry. For example, in agricultural production, natural reproduction and economic reproduction are closely combined, the influence of natural conditions is quite great and production cycle is long. Our nation's agricultural production still relies mainly on human and animal power, the base of the production forces is quite low and the social division of labor in production is quite simple. These characteristics of agricultural production and the current development situation of the agricultural productive forces are quite suited to the adoption of the family output linked responsibility systems. Therefore, these forms have gradually become the major forms of the agricultural responsibility systems. Industry is quite the reverse of agriculture. Industrial production is on a wide scale, there are many types of products, technology is complex, the division of labor is specialized and there is a high degree of production socialization. Not only are the coordination relationships within enterprises complex, but the relationships and coordination between enterprises are extremely wide-ranging and close-knit. Also industry has a myriad of relationships with agriculture, communications and transport, commerce and other sectors of the national economy. Further, there are great differences between enterprises in terms of the scale of their production operations, the nature of their ownership system, the development level of their productive forces, the production organization forms, their operational management situations, and the quality of their cadres and staff and workers. Thus the reform of industrial enterprises is more complex and more difficult than the reform of the rural areas. However, for many years, ownership and operational powers have not been separated, in distribution people have generally "eaten from the big pot" and the enthusiasm of production operation units and laborers could not be fully motivated and brought into play. These were common problems in both

industrial production and agricultural production. After the agricultural reforms achieved results, these problems grew daily more obvious in urban enterprises. This was particularly so as over 80 percent of our country's financial income comes from urban enterprises. Although medium- and large-scale enterprises account for less than 2 percent of the total number of industrial enterprises, their output value accounts for close to 50 percent of total industrial output value, and the profit taxes they hand up account for half the state's financial income. Whether or not the enthusiasm for production operations of the urban enterprises, especially the medium- and large-scale enterprises and the initiative and creative spirit of the vast numbers of staff and workers can be fully brought into play will have a great effect on the overall national economic situation. Because of this, as far as enterprises are concerned, the basic principles and directions involved in implementation of the production responsibility systems, the appropriate separation of ownership and operation rights and the breaking down of egalitarianism in distribution are not only correct but also extremely necessary.

Implementing diverse types of economic responsibility systems is an important link in the present deepening of the reforms. In the last few years, in handling the profit distribution relationship between the state and enterprises, we have trial-implemented measures such as proportional retention of funds and profits by enterprises, profit and loss contracts and the substitution of taxes for profit delivery. In 1983 we began to implement the substitution of taxes for profit delivery and obtained quite good results. After 1979, the State Council repeatedly issued documents gradually expanding the decisionmaking power of enterprises. However, the pricing system had still not been put in order, it was difficult to coordinate the various reforms and the taxation system needed further improvement. Also, the decisionmaking powers which the state had handed down to enterprises were intercepted and retained by intermediate links in some regions and departments, and even now these have not been completely given to enterprises. This has restricted the further reform of the internal systems of enterprises and the full development of potential. It was on this basis that Premier Zhao Ziyang pointed out at the Fifth Session of the Sixth NPC: "Apart from the need to firmly give to enterprises those powers which it has been determined should be handed down to enterprises, we must place the stress of reform on the perfection of enterprises' operational mechanisms and, in accordance with the principle of separation of ownership and operational powers, we must seriously implement diverse types of contracted operation responsibility systems, so that the enterprises truly become relatively independent economic entities which make their own decisions in respect of operations and which are responsible for their own profits or losses." This clearly shows the direction for the further deepening of the current economic structural reforms.

At present, various areas are experimenting with the contracted operations responsibility systems and in general there are the following forms:

1) Guaranteed handing over of a certain amount of profit taxes, guaranteed technical transformation and the linking up of the total amount of wages with the amount of profit taxes the enterprise hands up. 2) A contract

involving progressive increases in profits to be handed over. 3) Profit contract or loss-reduction contract for those enterprises which make small profits or incur losses. 4) Stipulated proportional levies on excess income after an enterprise completes the base figure or target in terms of profits to be handed over. 5) Industry input-output contracts, and so on. At the same time, many enterprises have implemented internal responsibility systems and with targets such as output value, output volume, quality, consumption of materials, costs, profits as well as new product development and new technology propagation at different levels, they have given contracts to every "cell" of the enterprises. This has put pressure and responsibilities on everybody and through their own labor, they can, by the development of the enterprise's production and operations, obtain real economic benefits.

The implementation of various systems of contracted operations responsibility systems has already clearly demonstrated in practice their positive role in promoting the development of the productive forces. First, they have ensured that there are clear stipulations in terms of responsibilities, rights and interests relationships between the enterprise and the state and between the staff and workers and the enterprise. This has been beneficial in guaranteeing that the state's financial income increases in a stable way following economic development. It has also meant that enterprises have quite great operational powers and relatively independent economic interests, and that the motivation for enterprises to improve their operational management and raise economic results is increased. It also breaks down the "big pot" in distribution and is advantageous to maintaining the masses' enthusiasm and concern for the enterprises' production and operations. Second, after enterprises implement contracted operations, not only are they responsible for their own profits, but also responsible for their own losses. They have to raise their own funds for technical transformation and investment results are their own responsibility. This severs the "umbilical cord" of the enterprises' reliance on the state and forces enterprises to look clearly at themselves, improve their operations management and improve their market competitiveness of flexibility. The need for long-term stable growth in enterprise profits and retained profits also forces enterprises to consider things from the long term, pay attention to technical transformation, expand investment in fixed assets and overcome short-term activities. Having the principle of the unity of the production of wealth and the accumulation of wealth manifested in the activities of enterprises will help improve enterprises' capacity for self-accumulation, self-transformation and self-development, and enable them to enter a fine cycle of continuous technological progress, gradual increase of assets and sustained growth in profits. Third, after enterprises implement contracted operations, they enjoy, within the limits allowed by the contracts, operational decisionmaking power, and relevant government economic departments can withdraw from their previous tasks of setting targets, approving projects, distributing funds, distributing materials and specific management of day-to-day production operations. Instead, these departments can put their major efforts in carrying out overall and deep research, on the macroeconomic level, into the situation, prospects, experiences and problems of economic development, and into formulating policies, organizing coordination, supplying service and using economic measures to regulate economic life. This will be of benefit to

promoting the transfer of the management functions of government economic departments at all levels. Fourth, the forms of contracted operations responsibility systems are flexible and their contents diverse. Contract forms, volumes, proportions and principal parts can all be selected in accordance with enterprises' different situations and characteristics. They are simple and easy to implement, highly adaptable, have a great stimulatory role and are convenient to propagate. Therefore they accord with the situation in our country at present where the conditions of different regions and different enterprises are widely disparate.

For a period in the past, some comrades were doubtful about contracted operations responsibility systems which had "contracts" as their characteristics. They were worried that control over enterprises would be lost and some people were even worried that this would change the nature of the ownership of the enterprises, and thus they did not dare to boldly implement the systems. These doubts are unnecessary. After the implementation of the contracted operations responsibility systems, on the one hand the enterprises will have greater decisionmaking power and added vigor, and on the other hand, the state will still be able through contracts, taxation, credit and pricing laws and economic levers, or if necessary administrative measures, to exercise guidance, inspection, supervision and restriction over the production and operations of enterprises. Thereby the state can ensure that enterprises' economic activities accord with the overall demands of the state's economic development and guarantee the socialist orientation of enterprises' production and operations. Actually, through the contracts the state is putting the enterprises' production and operations into the state's economic development plans. On the basis of their own economic interests, enterprises will inevitably pay great attention to the state's macroeconomic regulation and will be able to respond in a timely and sensitive way. In brief, production and operations of contracted operation accord with the demands of the development of our country's socialist planned commodity economy. As to the income level disparities which occur between enterprises and staff and workers in individual enterprises after the contracted operations responsibility systems are implemented, basically they are rational differences produced by differences in enterprises' operational results and the labor contributions by individual laborers. This income disparity not only does not violate the socialist principle of common prosperity, but is actually an effective measure in encouraging enterprises to improve operations and the masses of workers to work diligently to achieve common prosperity. Further, after an enterprise implements contracted operations, the continued existence and development of the enterprise and the improvement of the enterprise's staff and workers will be closely related to the enterprise's management level and operational results. This requires the enterprise leaders to more fully motivate and bring into play the intelligence and abilities, sense of responsibility and creative spirit of every worker so that they coordinate their efforts in improving the quality of the enterprise. At the same time, the staff and workers will pay more attention to the operational results of the enterprise and will be more enthusiastic about participating in enterprise management; thus, the workers' consciousness of being masters and their position as masters in the enterprise will not only not be weakened, but will actually be strengthened.

Those enterprises and industries which have trial-implemented contracted operations responsibility systems have, in general, shown good results. For example, many enterprises which have implemented contracts involving graduated increases in profits, including large enterprises such as the Capital Iron and Steel Works, have realized annual profit increases of up to 20 percent. This is far in excess of the enterprises which have not implemented the responsibility systems. After the oil industry implemented input-output contracts, there was stable annual growth in crude oil output and in 6 years close to 80 million tons in excess of quota were produced. Of the extra income from the above-quota crude oil production, the industry obtained over 17 billion yuan of funds which were used in the transformation of old oil fields and the opening up of new oil fields. This greatly increased the oil industry's capacity for self-development. Of course, implementing various types of contracted operations responsibility systems in an overall way in medium- and large-scale enterprises is a new experiment. People's ideas need time to gradually accord and there must be exploratory experiences gained in terms of specific methods. Also, in the implementation, some new contradictions may be produced. As long as we resolve in a timely way the new problems which appear during the implementation, then we will be able to guard against the negative influences which appear. This will create conditions for finally standardizing the relationship between the state and enterprises and perfecting enterprises' operational mechanisms.

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## 'RULES' ARE NOT DECORATIONS

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 p 47

[Article by Tang Xingshun [0781 5281 7311]]

[Text] When I heard that the direct cause of the huge fire at Daxinganling was forestry workers smoking in violation of regulations and carrying out their work in ways which violated regulations, I found it hard to be in my heart. If it was a natural disaster, then nothing could have been done to prevent it. If it was damage caused by evil persons, then it would also have been comprehensible. However, it was neither of these, but our own workers smoking their damned cigarettes and violating the rules and regulations they were required to adhere to in their work. If there had been no "No Smoking" signs in the forest and no work rules, their actions still would have been reprehensible. However, to openly not adhere to rules which have been set down, resulting in the burning down of such a huge forest area, is truly too distressing.

Actually, when one thinks about it, many problems in our work and lives result from nonadherence to rules or the nonimplementation of regulations. It is just that in the vast majority of cases, the losses caused are not great, and therefore they do not attract people's alertness and deep thought like this fire disaster has. For example, when one watches a play or a film, although next to the stage there are "No Smoking" signs illuminated by neon lights, the audience still puffs away on their cigarettes. At the gates of some units there are signs clearly noting "dismount bicycles when entering or leaving." However, fashionable young people just race through like before. Outside many offices there are signs saying "Private Guests Not Permitted," but people still bring friends and relatives in like before. The regulation, "it is not permitted to use public funds to entertain guests or send presents," has been around for a long time, but very rarely is the fine wine and foods on the table at receptions paid for from private pockets. In some departments and units the rules and regulations are decorations written on paper and stuck on walls to provide a facade for when there are investigations by the upper levels.

People often say: "If there were no regulations, there would be no neighborhood." Schools have to have school rules, factories have to have factory rules, and every department, every unit, every industry and every type of

work has to have rules and regulations to follow. When there are rules, they must be implemented. Having rules and not implementing them is worse than not having rules. When there are no rules, people still have expectations. When rules are established, if they are not treated seriously, not only is it no different from having no rules, but both the people's hopes for rules and the rules themselves sustain losses.

How has the phenomenon of "neglect of rules" come about? I am afraid the source lies with the leaders. Did not this plenary meeting of the State Council, when discussing the question of the handling of the Daxinganling fire disaster, point out that major causes were in the chaos of enterprise management, the laxness of discipline, the violation of rules and regulations, the violation of work procedures and serious bureaucratism in the leadership? It seems that if rules are to be effective, the key lies in whether or not the various levels of leaders are responsible. Here there are problems in two areas: The first is that we must be serious when establishing rules, so that the rules are established appropriately and scientifically and not indiscriminately. The second is that when rules are established, they must be unequivocally implemented, so that we can arrange things with rules. Comrade Mao Zedong said: What the world fears is the word "seriousness," and therefore the Communist Party puts its greatest stress on "seriousness." If we are able to put "the greatest stress on seriousness" in regard to the various rules, then without speaking about establishing new rules, the bringing into play of the role of existing laws, decrees, regulations, and rules will be terrific, our country will indeed see less inconvenience, and things will be greatly improved.

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DEEP AFFECTION--WATCHING THE TELEPLAY 'AFFECTION'

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 p 48

[Article by Peng Jiajin [1756 0502 3866]]

[Text] Wang Yihui [3769 0310 1920], the author of the original work, writes at the beginning of his novel: "They felt affection for this barren land which trickled with gold and silver. I felt affection for these people who gave their youth and their love for this piece of land." The writers and director of the teleplay "Affection" (writers Zhai Jianping [5049 0494 5493] and Wang Houqiang [3769 0624 1730]; director Ding Ruru [0002 1172 1172]) also put these words at the beginning of their play. It seems that their hearts had achieved unity and their pulses beat as one.

This is a desolate and barren piece of land: Over the boundless plains, the north wind howls, and there are only a few reeds which cover before the autumn bluster. The oil-field workers, who are called "oil devils," have lived and worked for long years here and they too are as ordinary as this wasteland and as ordinary as the reeds. However, in this "ordinariness" there is an extraordinariness. When you have finished watching the whole play, you will be touched by emotions, you will know regret, and you will feel as though your soul has been cleansed by a clear stream.

Actually, in "Affection," nothing is particularly exaggerated. Even love is treated as though it is reality. The separation of the team leader Ye Ming and his girlfriend, and the love between Song Baode and Jin Yuxiang are not depicted in a heavy and detailed way. Even the love between Chang Sheng and Xiao Yu is just shown as a beginning. The work truly moves and even shocks us, while in their hearts there flows a zeal for their undertaking and their lives, and they have a self-respect, a striving for self-improvement, and a sense of self-worth which touches the heart.

The author does not use the parting of Ye Ming and his girlfriend to spurt out moral indignation. In the love relationship between Yuxiang and Baode, Yuxiang wants Baode to study, truly revealing their thirst to improve themselves. Chang Sheng undoubtedly has reached a higher realm in life. He does not beg for love based on sympathy, but encourages himself, saying: "We have begun--if one loves 10 times or 100 times as much, one will obtain 10 times the girl's love." Can you fail to feel a deep affection for these unordinary people?



There are obvious reasons why "Affection" is seen as a "reformer's" work. It is about a section of Ye Ming's life from when he rushes to take up his post in the No 30 team to when he achieves very obvious results. However, it does not sink into the usual reform work mold, and does not have the problems of rigidity and monotony. It uses as its thread Ye Ming taking up his post, and tightly wraps this muscle and bone in the rich blood and flesh of the life of the workers in the oil fields. Thus, this is not just the story of a "person from outside" transforming the drilling team. Ye Ming is melded into life of the No 30 team, and his efforts are seen in all the changes which occur in the team. This is an overall portrayal of the life of workers in the oil fields. It is their course of spiritual sublimation, filled with every sort of emotion, which they experience together. Han Gui thinks of home, but eventually is unwilling to return home; Xiao Yu loves with great intensity; and Hu An abandons Tao Hong--in all of this we are able to find the basis of their characters. They are certainly not all the results of Ye Ming's "transformation." On the contrary, if it were not for Han Gui's diligence and loyalty, Chang Sheng's dependability and selflessness, and even Hu An who, even after being "discharged," still had his heart in the team, Ye Ming's "transformation" would only have been an illusion.

The reason Ye Ming is real and believable is not only because everything he does in the play are things an oil-drilling team leader is able to do, but also because his external desire to achieve changes forms a unity with his internal desire for self-improvement and realization of his ideals. He is not simply a "promoter" who stands on the outside. He is a member of this huge ship which is the collective, and must paddle with the rest of the people, advancing together.

It is also because of this type of aesthetic view that the separation of Ye Ming and his girlfriend can be very sentimental while still being reassuring and open-minded. Also, his kindness and leadership as a team leader are manifested as an integral whole, without division. Feelings and logic, the cause and the individual, form a unity of opposites. In the actual person these are sometimes manifested as opposites and sometimes expressed as a unity. By writing about his distinctiveness, the character's individuality is established and we not only see what he does and how he does it, but also see why he does things that way. Thus he is inevitably believable and one can become close to him.

At the end of the work, Ye Ming leads the workers in bringing the wellhead blowout under control. In the hospital, the reporter asks him: Why did he do things that way? What was in his mind at that time? His answers were: "instinct" and "habit," "simply like those of a worker who, in going to work, should not be late." Therein lies the secret of this work's success. It does not place stress on adornment, hyperbole, or exaggeration. Rather, in a down-to-earth way it catches the valuable qualities of the friendly instincts of oil-field workers. This not only reveals the real beauty of life, but also successfully shows the writer's deepest affection for the millions of workers in the oil fields.

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AN IMMORTAL PIONEERING WORK--READING 'HISTORY OF SOCIALISM'

Beijing HONGQI [RED FLAG] in Chinese No 13, 1 Jul 87 inside back cover

[Book review by Zhang Shigu [1728 1709 6253]]

[Text] The book "History of Socialism" which was republished by Beijing Publishing House in February 1986 is a posthumous work by the deceased Marxist theorist Comrade Wu Liping [0702 7812 1627]. This book was completed some time in the dark days at the end of 1929, and was published in 1930 by NANQIANG SHUJU in Shanghai, later being reprinted in some liberated areas and some rear areas during the war against Japanese aggression. After new China was founded, the book was again reprinted by SANLIAN SHUDIAN in 1950. After the 3d Plenary Session of the 11th CPC Central Committee, seeing that very few of this type of book were available within the country, and at the same time, "as an historical souvenir," the author, at the suggestion and urging of some friends and with the great assistance of Comrade Ouyang Mo [2962 7122 7817] of the central party school, carried out a thorough revision. This book has finally appeared before readers with a new mien.

As the author said in the preface to the 1930 edition, this work does not dare to call itself "absolutely complete." Rather it seeks to help readers "get some idea of the general outline of the development of socialist ideology." The history of socialist ideology is a science which researches the historical process of the emergence, development, and changes in socialist ideology and doctrine and the patterns in this. If we calculate it from when Thomas More's "Utopia" was published in 1516, socialism has now had a history of 470 years. Seen from these demands and situations, this "History of Socialism" is only an "outline." However, we must not forget that this book was a pioneering work in our nation in the use of Marxist stands, viewpoints, and methods to spread and research the history of socialist ideology. In those years when jackals and wolves held sway and there was the white terror, after being subject to brutal struggle and heartless blows of the Wang Ming line, the author huddled in small rooms in Shanghai and finished writing this book. At that time in China's ideological circles, apart from official reactionary propaganda, there also existed "socialist" ideological trends under various names. In order to help the masses of young people who sought progress and yearned for revolution to distinguish true socialism from false socialism and understand the historical evolution of socialist ideology, the author completed "History of Socialism" under conditions of great hardship.

Not long after, Comrade Wu Liping was informed on and was imprisoned. Thus, this book is particularly worthy of our attention as an example of the arduous struggle waged by the elder generation of revolutionaries to propagate scientific socialism.

Since "History of Socialism" was published, despite over half a century of tests and trials, it has not been forgotten. Many of our nation's revolutionary advanced elements and theoretical workers have received benefits to varying degrees from this book. A major reason for this is that from the very long history of socialism, with its multitude of figures, many schools and factions, and the various ideologies and doctrines, the author accurately grasps the basic thread; that is, the development of socialism from a vision to a science and the leap of scientific socialism from an ideal to reality. We know that since the period when "sheep ate men," meaning that capital had come to the people, the socialist ideal paced up and down in the utopian wilderness for over 300 years. Although brilliant ideological sprouts of this type of socialist theory appeared everywhere, they had a purely illusory nature. It was only through the efforts of Marx and Engels that it could be positioned on a real base, and for the first time socialism changed from a vision to a science. Scientific socialism thus became the banner and the guide of the workers' movement, and this changed socialism from a doctrine into a revolutionary mass movement participated in by hundreds of millions of laboring people. This was a great epoch-making revolution in the history of socialism. With the success of the October Revolution, the first socialist country in the world came into being and socialism further developed from a doctrine and movement to a brand-new social system. This process also promoted great progress in socialist theory and the socialist movement. This was another great epoch-making revolution in the history of socialism. It is because the author grasps this basic thread that the readers can understand, from the complex historical evolution, the patterns of socialist ideological development.

In the recent revision, on the basis of practical experiences and theoretical results in the international socialist movement and our country's revolution over the last 50-plus years, the author has carried out revision and expansion of the original chapters. This is especially so of the newly added chapter on Mao Zedong Thought, which describes the formation and development of Mao Zedong Thought as well as the major components of Mao Zedong Thought, which is a complete scientific system. Also, on the basis of the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, it discusses how to build socialism with Chinese characteristics. It organically links the history of socialist development with the theory and practice of our country's current socialist construction, adding a new chapter to the history of socialism. In brief, the revised "History of Socialism" not only retains the original structure and characteristics, thereby making it valuable as a historical document, but because the author has strived to delete outdated parts and add new contents, it shows a spirit of the times and new vigor.

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